The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

The Sian Crisis and the Japanese Threat of Intervention

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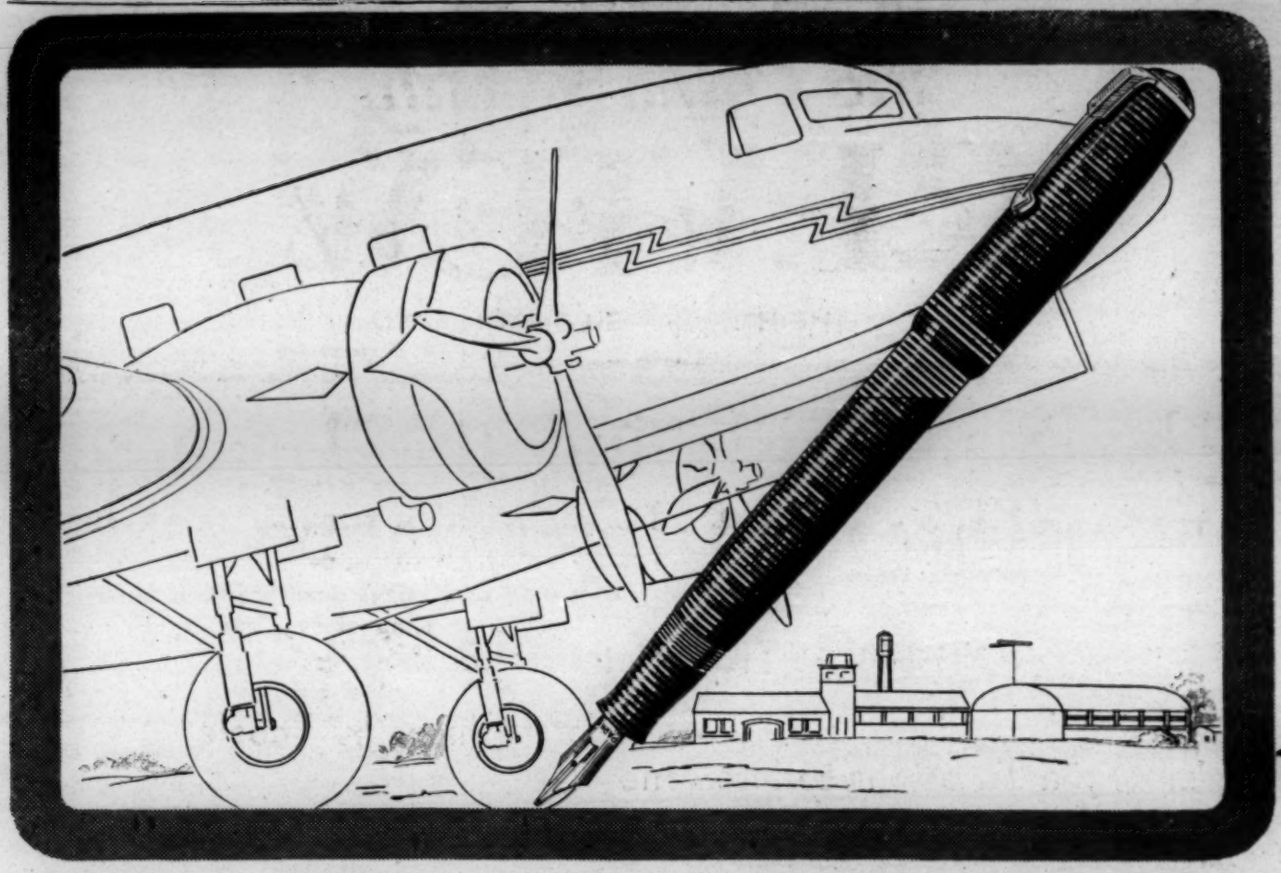

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WHEN THE EX-KING OF ENGLAND ARRIVES IN THE UNITED STATES

A TELEGRAM from Italian sources during the week stated that the Duke of Windsor (former King of England) would sail for America within fifty days. Even if this telegram is correct it does not necessarily mean that the Duke's destination will be the United States, as in common parlance in the Latin countries of Europe the word "America" includes also South America. However, we make the prediction that in due course former King Edward will find his most congenial future home in the United States. Assuming that he eventually marries Mrs. Simpson, as is more than likely, seeing that he gave up his Throne because of disagreement with his Ministers in connection with his intended marriage to the lady, there will be an added incentive to the ex-King to make his future home in the "Land of the Free". Whether predictions previously made that he would never again set foot on British soil prove true or not, the fact remains that he is not likely to stay long at any time under the British flag, because of possible complications. If ex-King Edward should decide to take up his abode in the United States, he would find himself one of the most popular men in the country. The doors of American society in all parts of the Union would be thrown wide open to him, for, despite the fact that legally Americans are debarred from using titles of nobility, the average American still has a hankering for a "handle" to his name. Very few of them are of the same mind as the Quaker, who objected to having letters addressed to him with "Mr." placed in front of his name, or "Esq." appended to it. "Make it simply, 'John Smith, without any tail' ", he once wrote a correspondent. The correspondent in question, being considerable of a wag, rather incensed the old gentleman by addressing the envelope, when replying, literally as above. This little ancedote is related as a contrast to the fact (which no one would think of denying) that the United States (particularly the southern part of

it) has a greater flock of "Colonels," "Majors" and "Judges" (which, if they ever were, they have long since ceased to be) than the United States. Nowhere is a title more honored (we speak now of social life) than under the Stars and Stripes. For that reason alone the ex-King would be welcome everywhere in the country, "from the rock-bound coast of Maine to the Golden Gate" to use the hackneyed spell-binders' formula. But among the great mass of the American people his popularity would rest on much firmer foundations. First of all he is "hail fellow, well met," an attribute which Americans particularly appreciate. Nor will any American, whether he be a Mayflower descendant or a recently naturalized immigrant, ever forget that here is a man who gave up the mightiest Throne on earth rather than abandon the American woman he loved.

CHINA WILL EMERGE STRONGER THAN EVER FROM PRESENT CRISIS

ALTHOUGH the emergency precipitated by the revolt of General Chang Hsueh-liang is extremely serious, still we venture to predict that the Chinese Government will emerge from the crisis stronger, more unified and better able to resist a foreigni invader than ever before.

It is not difficult to recall the gloomy prophecies and the general feeling of foreboding that followed in the wake of the Liangkwang thrust towards Nanking a few months ago, and the final result of that revolt: complete unification of China for the first time since establishment of the Chinese Republic. Similarly the Sian revolt will doubtless result in a more powerful and unified nation.

China has nobly withstood an acid test.

The test was all the more severe because the eight demands which Chang promulgated for public consumption (as distinguished from his personal motives) had such widespread appeal. Such slogans as "Chinese must not fight Chinese," "Freedom of Speech and Press," "Release of the Seven National Salvation Leaders", "Call a National Salvation Conference," "Declare Immediate War upon Japan", were bound to find huge apeal among the masses, the intellectuals and political and military leaders.

Chang expected scores of leaders to follow him—but he received virtually no support at all. Even among his own army there was dissension and mutiny. The revolt could not succeed without outside assistance and none was forthcoming.

Even the students and the National Salvation groups, to whom Chang's "eight points" would most certainly bear strong appeal, unanimously denounced his detention of the generalissimo and demanded his immediate release. Provincial military leader, themselves wayward and semi-independent until a few months ago, joined in the cry for an expeditionary force against the rebel and sought to have units of their own armies incorporated into such an expedition. Messages of loyalty poured into Nanking from everywhere.

If there ever was a time when weak links in the chain should crack, those first few days of the generalissimo's detention was that time. Petty carping critics like the Woodheads and little "corporals of disaster" like this Abends and Billinghams will be the last to admit the new strength and glory of the Chinese Government—but even the Japanese openly expressed reluctant but sincere admiration for the way the nation hung together in the crisis.

The complete story of the revolt and the events leading up to it have not yet been revealed, possibly will never be revealed, and the full effects of the compromise, if any, may not be known for months, but the crisis has welded the nation's leaders closer together than at any time since the fall of the Ch'ing Dynasty. In unity there is strength and in strength there is honor.

"CHIANG" AND "CHANG"

The proneness of Chinese printers to "edit" the editor's copy, plus what authors like to refer to as "Homer nodding," was responsible for the appearance in *The Review* last week in at least two places of the word "Chang" (Marshal Chang Hsueh-liang) instead of "Chiang" (Generalissimo Chiang Kai-shek). Readers were, therefore, compelled to use some of that ingenuity which skill in solving cross-word puzzles develops in divining the sense—and it is our experience that the average reader likes that sort of thing. Otherwise, how explain the world-wide interest in cross-word puzzles? This predilection of Chinese printers to "correct" the editor is a feature of getting out an English-language journal in China which editors and proof-readers in the United States and England have not to contend with. To get the phrase "worth *noting*" into print is almost impossible, because the Chinese compositor will insist on making it "worth *nothing*." Where the words "*form*" and "*from*" appear in the same line it is impossible for the editorial staff to get those two words into print as they ought to be without a personal visit to the composing room, as the compositor will insist on making both of them "*from*." It requires almost a club to induce the compositor to place before the reader correctly the words "iron *ore*;" he will insist, despite frequent correction in the proofs, on having it read "iron *are*." The word "carton" becomes "Canton," "lien" appears as "line"—in short whenever the editor writes a word that is not in daily use the Chinese compositor (who usually doesn't understand a word of what he is composing)is sure to assume that the editor has merely hit the wrong keys of the typewriter and so he (the compositor) is doing the editor a favor by setting him right, sometimes with ludicrous results.

Loyalty to Generalissimo Pledged by Nanking Students

Upwards of 1,000 faculty members and students of the Nanking University took an oath at the weekly memorial service Dec. 21 pledging their loyalty to the National Government and Gen. Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Commission.

The Sian Crisis and the Japanese Threat of Intervention

UP to Thursday this week (Dec. 24), General Chiang Kai-shek had entered into the thirteenth day of his capitivity at Sian by General Chang Hsueh-liang and his rebel associates. Hopes ran high last week-end, when General Chiang announced in an autographed letter to War Minister Ho Ying-chin that he would return to Nanking before Saturday (Dec. 19). But when he failed to arrive on the appointed day, intense disappointment again pervaded the whole country. The deadlock still persists, causing further uncertainty in the situation and anxiety to the government and the people.

While the situation at Sian has been clarified to some extent, the real state of affairs remains obscure. If the latest rumored reports by the *Domei News Agency* are to be credited, it seems that the mutiny has degenerated into a sheer case of kidnapping for ransom. According to *Domei*, General Chang has demanded of the government an enormous sum of money running into eight figures as the price for the liberation of the Generalissimo. The rumor, however, gains little credence in responsible quarters. It seems that the situation at Sian is more complicated than the mere question of bargaining in terms of money. But whatever be the motive of the rebels in restraining the personal freedom of the Generalissimo, their action deserves the severest condemnation and justifies most stern measures by the government in dealing with them.

The release of General Chiang Ting-wen is decidedly an improvement in the situation. The efforts of T. V. Soong and W. H. Donald tend to heighten hopes for an early peaceful solution of the crisis. The present visit of Madame Chiang to the rebel stronghold further indicates that the situation has eased considerably and that a settlement in the not distant future may be expected. Meanwhile, the intervention of General Yen Hsi-shan is another important factor and is likely be bring good results, as the Shansi leader is known to possess considerable influence over the conduct of the "Young Marshal." In view of these favorable circumstances, it seems likely that General Chiang might be able to return to Nanking and the mutiny liquidated within a short time. The most distressing factor in the situation is the prolongation of the present suspense and deadlock, which inevitably will lead the country to a civil war. Therefore in the interests of both the Government and the rebels, the earlier the deadlock is broken, the better for all parties concerned.

Throughout the crisis during the past thirteen days, the Government has maintained its position with force and dignity. At the very outset of the mutiny, it boldly assered its authority and decided on drastic measures to suppress the rebels. Following the assumption by General Ho Ying-chin as Commander-in-Chief of the expeditionary force, the government troops have made rapid advance and are pushing toward Sian to force the capitulation of the mutineers. According to one of the latest reports, the vanguards of the government troops have already reached Chishui, 70 kilometers from the rebel stronghold. Meanwhile, the government air force is also very active, bombing Weinan and other rebel cities. These bombardments have instilled terror into the hearts of the rebel force and are said to be the direct result of General Chang's consent to release General Chiang Ting-wen. Thus, by combined efforts of mediation and military pressure, it is expected that the mutiny will be brought to a speedy close in the next few days.

The Government, by its firm stand, has stood a most crucial test of its authority. As Acting President of the Executive Yuan, Dr. H. H. Kung has consistently maintained a strong attitude befitting a statesman in such a crisis. He voiced both in his interview and in his radio broadcast, the government's firm determination to uphold law and discipline in dealing with the rebels and dismissed as entirely out of the question any consideration of compromise with them. In spite of his personal relationship with General Chiang, Dr. Kung has fully vindicated the authority and dignity of the Government. "While we are all anxious that General Chiang may be rescued and returned to safety at the earliest possible moment," Dr. Kung declared, "our attitude is that the personal safety or movements of one man should not be allowed to interfere with the normal conduct of the government." These words bespeak of both the solid foundation of the government which General Chiang has laid and of Dr. Kung's realization of the paramount importance of national interests over the welfare of an individual, however important he might be. Thus, Dr. Kung has completely annihilated the hopes of the rebels that the government would be paralyzed with General Chiang temporarily removed from the helm of the state, and thus would come to terms with them. Dr. Kung fully realizes that the government commands nation-wide confidence and is able to stand on its feet. In taking such an attitude, Dr. Kung has enhanced the prestige of the government without endangering the life of

General Chiang, who has now become the idol of the nation.

While China is passing through an acute crisis, the Japanese attitude toward its settlement is beginning to cause concern. While we are not saying that the Japanese would be so callous as to capitalize on China's misfortune, the recent utterances of their high officials can not but be viewed with grave misgivings. The most striking thing is that the Japanese attitude at present shows a very marked inconsistency. At the outset of the Sian trouble, both the Japanese Government and its representatives in China professed to express deep sympathy with China over the unfortunate affair and the personal safety of General Chiang Kai-shek. The Japanese Foreign Minister, Mr. Arita, wisely counselled the adoption of a "wait-and-see" attitude toward it. However, according to one of the latest dispatches from Tokyo, Mr. Arita has somewhat regretted this stand and bluntly told the Chinese Ambassador Hsu Shih-ying that in the event of a compromise between Sian and Nanking, the Japanese Government would not be able to continue its "benevolent wait-and-see attitude." What is implied in such an announcement needs no elaboration. It means simply that Mr. Arita has unmasked himself and threatened to intervene in case the mutiny is settled in a manner not to Japan's liking. This threat is both contradictory and unwarranted. In the first place, the Chinese government is fully prepared to cope with the crisis and commands adequate resources to deal with it effectively. Therefore, any outside interference would be an intrusion into another man's business. Secondly, the mode of settling the incident is purely a matter of China's domestic concern. The Chinese Government has perfect freedom and authority to dispose of it in whatever manner it considers expedient and honorable. Thirdly, the repeated declaration by the Chinese Government spokesman and the assurance by the Chinese Ambassador at Tokyo to the effect that the Government can never stoop so low as to discuss terms with the rebels should have allayed Mr. Arita's anxiety and made his pronouncement unnecessary.

In connection with Japan's threatened change of attitude, both the *China Press* and the *Shanghai Evening Post* have warned the Japanese government to keep itself off the path. In view of their sound reasoning, both editorials are reproduced herewith:

⁂

JAPAN WARNED NOT TO FISH IN CHINA'S TROUBLED WATERS

(*Editorial in the China Press Dec. 22*)

In our editorial on December 14th, a warning was sounded against foreign nations fishing in China's troubled waters. China's concern over her neighbor's attitude in this present crisis cannot be disguised. While unreserved sympathy was expressed, during the first days, by Japan's statesmen over Generalissimo Chiang's unfortunate plight and reaffirmed a wait-and-see policy which received China's due appreciation, the latest declarations made by Mr. Arita, Japanese Foreign Minister and his associates, must be regarded as rather disturbing. A message from Tokyo reported Foreign Minister Arita to have warned Ambassador Hsu Shih-ying that "Japan would be unable to maintain its present 'benevolent wait-and-see' policy towards events in Sian depending upon the outcome of the present negotiations for a compromise between the Nanking Government and Chang Hsueh-liang." Official statements are also reported to have been made by Ambassador Hsu that no such compromise had been contemplated by the Central authorities. It is obvious that no idea of compromise on so fundamental an issue as communism can ever be entertained by the Chinese Government. On this as on other fundamental issues of China's national policy, there will and can be no compromise. The mutineers will have to choose between unconditional surrender and unquestionable suppression.

Be this as it may, we cannot but raise our voice of protest against external interference with China's admittedly domestic affairs. Such interference, even though it be verbal, as it is at present, does not fall in line with the professed "sincerity" of Japanese statesmen in desiring China's cooperation. It is diametrically opposed to the correct attitude as adopted by such friendly Powers as the United States of America. It totally disregards Ambassador Kawagoe's recent advice to his Government and people to cultivate a "new concept" towards China. In the words of our evening contemporary, Mr. Arita "is placing his country in the part of a mischievous trifler in another's vital business".

It is sincerely hoped that a better understanding of the situation in China will make future pronouncements unnecessary. Even more sincerely is it hoped that the brightened outlook brought about by Mr. T. V. Soong's Sian visit will eventuate in a speedy settlement of the affair with the early return of General Chiang to the helm of the ship of state.

⁂

IN TROUBLED WATERS

(*Editorial in the Shanghai Evening Post, Dec. 21*)

"Hands off China" should be the slogan today of every nation making the slightest pretense of friendship, or even common fairness, toward this country.

The United States has explicitly gone on record in favor of such an attitude through its Secretary of State.

It is disturbing to see Japan's Foreign Minister, whose China experience should prejudice him in favor of a sympathetic attitude, reported as warning the Chinese Ambassador in fashion which can be construed only as a most direct and unwarranted interference in Chinese internal policy.

No amount of argument as to how concerned Japan must be over "the Red menace" affords the slightest excuse for Japan's playing the role of neighborhood busy-body. To intimate that the National Government is in danger of being black-jacked or blackmailed by the Sian clique is both insulting and contrary to obvious fact.

When Mr. Arita says—as Domei News Agency reports—that Japan cannot maintain its present allegedly "benevolent wait-and-see policy" if events at Sian do not work out to Japan's liking, he is placing his country in the part of a mischievous trifler in another's vital business.

We do not desire to blink the fact that Japan, and China's attitude toward Japan, figure in the demands of the Sian clique. But neither should Japan blink the two facts that it is her own imperialistic policies which have brought this about, and that by embarrassing Nanking at this juncture she plays directly into the hands of those who are now most directly opposing Sian.

Neither the Soviet Government nor the Comintern are behind this foredoomed *coup*—which is a tribute to their own sagacity. Others who are wise will hold off.

No amount of specious reasoning can alter the fact that for Japan to utter any sort of threat at this juncture is a revival of the old game of fishing in troubled waters. Tokyo should be able to see not merely the fundamental injustice of this, but likewise the even more cogent point that any such gesture handicaps those very forces of Chinese moderation which Japan should be most anxious to support.

Kiangsu Promotes Fruit Industry

As a part of its economic revival program, the Kiangsu Provincial Government has devised measures for the promotion of the fruit industry in north Kiangsu, which has long been known as a fruit-producting center.

THE DOCILE CHILDREN OF THE GERMAN GOVERNESS

—*Moscow Izvestia*

IN LIGHT AND IN SHADE

—*Moscow Izvestia*

The words in Russian explain that the puppets which you see in the light display a banner reading, "A police agreement for combatting Bolshevism," but the smiling helmetted German and Japanese are reading an interesting document entitled, "War Alliance for Partition of the World."

Spain as the Trial Battleground for Every Known Theory of Government

A POINT that should not be lost sight of in connection with the present civil war in Spain is that nearly every theory of government which the brain of man has evolved is represented among the forces engaged, for on both sides volunteers have come from all parts of the world. Communists, Socialists, anarchists, etc., are to be found fighting on the side of the established Spanish government. Monarchists, Fascists and reactionaries generally are fighting on the side of those who hope to capture Madrid. It is a sort of a trial ground for these two opposing forces—which may develop into a war covering the whole world. When such an eventual war has been fought to its end those who took part will probably have been just as deluded as to what they were fighting about as those who fought in the last war under the Wilson slogan that it was being fought to "make the world safe for democracy."

The three main forms of government in force to-day are Fascism, Communism and Democracy (the latter in certain instances tempered with a camouflaged form of Monarchy). For the benefit of the few or many that may not have at their fingers' ends the essential points of these forms of government they are summarized below:

Fascism:—Principal example, Italy, with Germany as an apt pupil. Name derived from the old Roman emblem called *Fasces*, or a bundle of sticks, the idea being that the Fascists are bound tightly together (in their objects) like a bundle. In actual practice Fascism is the meanest kind of a dictatorship, and a world menace because by stifling all criticism within the country the Fascist leaders are able to make the working people believe that the misery (inevitably brought upon them by such a system) can only be alleviated by a war of aggression or war against some other country. Fascism is therefore a constant menace to the world's peace. Capitalism of the most rapacious type thrives under such a system, and workers are held to their jobs, frequently under deplorable conditions, under threat of being sent to prison if the don't stick to their work. It is a form of government that cannot stand up without suppression of freedom of speech. So far as Italy is concerned, an incident of the famous March on Rome in 1922 is characteristic of Mussolini. In popular estimation he marched at the head of the Black Shirts. As a matter of fact he didn't; he made the trip to Rome comfortably by train in a sleeping car.

Communism:—Practically the only example

of this form of government in operation is to be found in the Soviet Republics. As things have developed in Russia the ideas of Karl Marx have been considerably diluted, and are becoming more so as time goes on. In fact, with Soviet Russia working up towards Capitalism and the United States, under Roosevelt, working down from Capitalism to a diluted form of Socialism,* the time may eventually come about, when in actual practice, the forms of government in Russia and in the United States will be quite similar. For the moment Russia is under a dictatorship, but there is an honest effort towards eventually giving control to the people, in whose interest the system was originally established. The Soviets have taken under government control all sources of original wealth, land, natural resources, etc. Naturally they have stopped all inheritances—which, it can't be denied, are the cause of much litigation in democratic countries, and also in the majority of cases the basis of "swollen fortunes."

Democracy:—A form of government in which eventual control is with the majority of the people. Best example, the United States of America, next (at least so far as the home Island is concerned), Great Britain. Principal characteristics of democratic countries: Freedom of speech, also freedom of labor (even where it hurts the national interest). Best example of the latter: Current shipping strike.

***Communists and Socialists are identic in their aims but the former have no scruples in establishing themselves by terrorism. The butchery incidental to the foundation of the Bolshevik regime exceeded by far anything that ever happened in the French Revolution.**

China's Finances Are Sound

The following editorial appeared in *The Japan Times* (semi-official organ of the Japanese Government), Dec. 18

Timid as money ever is, the hasty conclusion being reached in some quarters that the financial and economic structure of China will collapse and the reformed one year-old currency of that Republic go tumbling into chaos is ill-considered and even dangerous. To act upon such a presumption will but add to the dangers of precipitating the very developments which are most dreaded in financial and economic circles having to do with Chinese affairs, whether they be in Japan or in other lands. Even should it prove that Chiang Kai-shek has been killed and that his powerful unifying influence is thereby removed from the China scene, there is no justification from present indications to jump to the conclusion that financial and commercial panic are foredoomed to ensue throughout China. In fact, there are very strong indications that, despite the unquestionably adverse development, the Chinese financial Ship of State will be able to weather the ensuing storm with the loss of some sails, certainly, but without losing its rudder or compass and undoubtedly without foundering and going to the bottom.

The Chekiang financial group with its Kung-Soong combination, by far the most powerful financial influence in China and the one which has made possible the currency reform and the improvement in China's foreign trade, is still intact. It is busily at work at this moment reefing sails and taking other necessary precautionary measures for the storm that looms on the horizon. Foreign financial interests linked with Chinese trade and industry are likewise hastening with preparations to cope with whatever adverse situation may grow out of the Sian coup. Until and unless much graver danger appears in the Chinese political world than has as yet shown itself, the finances and trade of that country are not threatened with complete disaster but, rather, with impediments and attacks which will prove harmful but far from mortal blows to the financial and economic wellbeing of the Republic.

Reports reaching Tokyo from Shanghai during the past few days tell of considerable uneasiness and sharp fluctuations in the markets of that city, which is the financial capital of the nation. The foreign exchange, bond and commodity markets are all jumping about in nervous response to the flood of rumors being so widely circulated in regard to the fate of the Generalissimo and other of the leaders of the Nanking Government, particularly those in the military sphere. There are other and more comforting reports from Shanghai as well, reports that reveal the Government banks in Shanghai are acting in fair and close cooperation with influential and powerful foreign banking institutions in the attempt to avert consternation in the business and monetary worlds.

It is but natural that the unlawful action at Sian-fu should cause many to apprehend a serious disturbance in the financial and economic situation of the Republic. Should the rumored death of Chiang Kai-shek prove to be fact and should it cause the disruption of the present Central Government in Nanking with its controlling power over most of intra-mural China, financial confusion and slumps in Nanking Government bond prices will be unavoidable, but even this gloomy possibility—and it is still distinctly in the realm of possibility instead of reality—does not justify reaching the hasty conclusilon that the existing financial structure of China will be shattered into mere kindling wood.

The present monetary system of that nation, contrary to the belief previously held in many quarters, gives every appearance of being quite firmly established, although it does not as yet prevail throughout the whole country but only in that area which has been brought effectively under the control of the Central Government. Under the monetary reform inaugurated in November of last year, China nationalized its silver holdings in private hands and adopted a system of controlled currency based jointly on stocks of the white metal and on foreign securities. Despite the predictions of failure so prevalent at that time, the exchange value of the Chinese yuan against the currencies of the three principal money countries of the world has been completely stabilized, such fluctuations as have taken place being so small in margin as to be negligible.

The three Government banks, namely the Bank of China, the Central Bank of China and the Bank of Communications, have been operating exchange in a favorable manner, having been granted the right by the Government to sell and buy foreign exchange in unlimited quantity as dictated by the need of the changing situation. The value of the Chinese yuan in terms of the American dollar has been consistently maintained in the near neighborhood of $29.75, and the sterling rate has been kept level at about 1s 2d$\frac{1}{32}$, there being extremely little variation for more than a year past. Other foreign currencies which are linked with these two major ones of the dollar and the pound have also maintained a remarkable stability. This favorable position of the Chinese currency in the foreign exchange market was further strengthened by the conclusion of the silver purchase act between the United States and China and, although there were appreciably sharp fluctuations in exchange a few months ago due entirely to the speculative operations of some foreign banks, the three Government banks have proved themselves quite adequate to meet all selling operations successfully.

This success achieved in the operation of the new currency system and in the stabilization of exchange is rather remarkable, especially when consideration is given the fact that the Chinese people still cling closely to a love of metallic currency and a dislike for paper money. A part of this success must be ascribed to the controlling power in a political and military way exercised by Chiang Kai-shek, resulting in the comparatively strong unity of the Nanking regime. The dramatic qualities of this side of the picture should not blind anyone, however, to the truth that the positive support of the so-called Chekiang financial clique has been an even more powerful factor in bringing about this happy result and even in strengthening the personal position of the Generalissimo himself. It is this Chekiang group which controls the actual management of the three Government banks.

It is believed safe to assume from the most conservative viewpoint that China now holds some 300 million dollars of funds in foreign banks based on silver bullion. The Chinese authorities claim that the amount of their funds abroad reaches 500 million dollars. These figures are sufficiently high that it can be accepted as fact that China possesses foreign funds to an amount enabling it to cover its foreign trade balance.

Statistics from Chinese sources show a gradual but steady improvement in foreign trade, the adverse balance having been cut by one-third in five years. In 1931, China suffered from the huge adverse trade balance of 1,087 million dollars. The next year this had fallen to 955 millions, and continued to drop to 733 millions in 1933, to 495 millions in 1934 and was finally reduced to but 343 millions in 1935. The first half of the current calendar year shows still further improvement in this direction.

When the news of the Sian coup first reached the world, the prediction was made that aggressive speculative selling of the Chinese dollars would immediately follow, but it now appears that the three Government banks have so far been able to prevent it, apparently through the positive help and support offered by British and American banks. This would signify that China will be able to maintain its exchange on a stable basis in spite of the immediate disturbance and mystification, and that the currency situation will be fairly well kept up. It does, however, also seem

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Prospect of Immediate Release of Gen. Chiang by Rebels Dim; Japan Threatens to Intervene

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Madame Chiang Kai-shek Flies to Sian to Join Captive Husband.**
2. **T. V. Soong and W. H. Donald Negotiate With Rebels for Settlement.**
3. **War Minister Ho Ying-chin Assumes Command of Punitive Expedition.**
4. **Vanguards of Government Forces Are Pushing Toward Rebel Stronghold.**
5. **Gen. Yu Hsueh-chung Joins Sian Revolt, Raids Government Offices in Kansu.**
6. **Nanking Determined to Suppress Revolt by Force, No Compromise Will Be Considered.**
7. **Disappointment Greets China When Gen. Chiang Failed to Return Last Week-end.**
8. **Rebel Spokesman Makes Known Five Demands to Nanking, Sinkang Denies Complicity.**
9. **Arita Threatens to Abandon "Wait-and-See" Attitude, If Nanking Compromises With Rebels.**
10. **Kawagoe Pays Tribute to Firm Stand of Nanking Government In Sian Crisis.**

Madame Chiang Kai-shek, wife of the President of the Executive Yuan and of the Military Affairs Commission, accompanied by her brother T. V. Soong and W. H. Donald, Australian Advisor to General Chiang, left Nanking for Sian by air morning of Dec. 22 to join her husband, who has been held prisoner by Chang Hsueh-liang and his rebel associates since Dec. 12. Madame Chiang and her party arrived at Sian in the afternoon of the same day. This dramatic development followed a flying visit of Mr. Soong paid to Sian Dec. 20 after conferring with General Chiang Kai-shek and Chang Hsueh-liang. Mr. Soong returned to Nanking Dec. 21.

Madame Chiang Kai-shek

Reuters reported Dec. 21 that Mr. Soong informed the Government that a peaceful solution of the Sian crisis is now "quite possible." But a later report Dec. 22 stated that Mr. Soong's visit failed to produce any concrete agreement for settlement of the revolt. Meanwhile, it is reported that General Ho Ying-chin, War Minister, has received a telegram from Chang Hsueh-liang, continuing to maintain his stubborn and defiant attitude towards the Government.

In present circumstances, the immediate release of the Generalissimo is not generally expected, although it is felt that Chang, even if attacked, will not dare to incur the nation's wrath by harming his captive. A sudden reversal of fortunes, however, is always possible in view of the unsettled conditions in Sian, and some quarters expect to see a material change in General Chiang Kai-shek's position in the course of the next few days. It is becoming increasingly evident that two separate machines, each with its own methods, are at work to liquidate the situation. On the one hand, members of General Chiang Kai-shek's family, headed by Madame Chiang, are desperately trying to ensure the personal safety of the Generalissimo and, if possible, obtain his release. They are not concerned with the political issues raised by the revolt. On the other hand, the Government is determined to crush the rebels by armed force as the only means of securing General Chiang's liberation without weakening its own authority. It is reported that Chow En-nai, deputy chairman of the Military Affairs Committee of the Chinese Communist Army, has arrived in Sian.

While official spokesmen emphatically declared that a compromise will be tolerated in exchange for the safety of Gen. Chiang, the arrival at Nanking Dec. 21 from Loyang of W. H. Donald, who visited Sian again Dec. 16, heightened hopes of an early, bloodless settlement of the present impasse, reported *Domei*. The nature of the Australian's mission could not be ascertained, but usually well-informed circles were inclined to believe that he had brought the terms of the rebel leader for a monetary settlement of the uprising. Rumors were circulated in Nanking Dec. 21 to the effect that the "Young Marshal" was demanding a payment of $40,000,000 in addition to the handing over of all arrears in the agreed remittances from Nanking to his troops. He is also rumored to have stipulated that his life as well as that of his subordinates would be guaranteed. Official circles dismissed these rumors as "entirely without foundation."

GEN. YEN HSI-SHAN LIKELY TO INTERVENE WITH GOOD EFFECT

Chang Hsueh-liang's private airplane arrived at Taiyuan, the Shansi capital, from Sian Dec. 17, carrying a delegate from the Young Marshal to General Yen Hsi-shan. General Yen recently denounced Chang's revolt, and the delegate, Li Chin-chow, is seeking to reassure him of the purpose of the movement, and of General Chiang Kai-shek's personal safety.

In response to Chang's request, General Yen is reported to have sconented to send two representatives to Sian to see Chang and General Chiang Kai-shek in an effort to reach a settlement. General Yen is believed to have considerable influence over Chang and his intervention is likely to have good effect. However, owing to Chang's refusal to allow Gen. Yen's representatives to see General Chiang privately, they have not yet left for Sian despite earlier reports to the contrary. It is learned that Gen. Yen has wired Chang, urging him to escort General Chiang to Taiyuan, while he would guarantee his (Chang's) personal safety.

Gen. Yen Hsi-shan

Gen. Ho Ying-chin has been asked by Gen. Yen Hsi-shan to prolong for another three days the armistice now in force between the loyalist and rebel forces, *Domei* reported Dec. 22. The advice to Gen. Ho was telegraphed from Taiyuan following an emergency conference Dec. 21 between the Shansi leader and three former high officers of the Manchurian armies. Gen. Huang Shao-hsiung, newly-appointed chairman of Hupeh, who arrived at Taiyuan Dec. 21, also participated in the meeting.

It is suggested in Nanking that the only hope of a peaceful solution of the Sian revolt would be for Chang to place his troops under General Yen's command and leave the country. Official circles continue to emphasise that, there will be no question of the Government accepting a settlement with the rebels involving matters of policy except on its own terms. Hopes that a peaceful settlement of the Sian rebellion would soon be achieved are mounting as it was revealed Dec. 18 that James Elder, financial advisor to Gen. Chang Hsueh-liang had been in conference with Dr. H. H. Kung, and Mame. Chiang Kai-shek since Dec. 16. Mr. Elder was the foreigner who started for Nanking from Loyang by an Eurasia airplane on Dec. 16 but was forced down by bad weather at Pengpu, in southern Anhwei.

VANGUARDS OF CENTRAL FORCES PUSHING NEAR REBEL CITY

Pushing westward toward Sian, the vanguards of the Central troops have already arrived at Chihsui, midway between Hwahsien and Weinan about 75 kilometers from Sian, according to *Central News* Dec. 22. The vanguards are composed of units from the 28th Division under the command of Tung Chao, which captured Hwahsien two days ago. Troops under Feng Chin-tsai, commander of the 42nd Division, are also advancing toward Sian along the northern bank of the Wei River in co-operation with the Central Army. Lieut.-Gen. Feng was formerly a subordinate under Chang Hsueh-liang. Meanwhile, messages have arrived from Loyang to the effect that the rebel troops at Weinan have been reinforced by two regiments, ready to put up resistance against the advancing Central Government forces.

Fighting broke out Dec. 16 between loyal Government forces and the rebels under Chang Hsueh-liang at Hwayin, 200 li due east of Sian and about 50 li west of Tungkwan, an important city on the Shensi, Honan and Shansi borders

on the Lunghai Railway. Government plane scouting over Weinan, midway between Sian and Hwayin, report that three regiments of rebel troops were seen moving towards the latter town. Chang Hsueh-liang is reported to have given instructions to the 109th, 111th and 120th divisions to move eastwards along the Lunghai Railway to Lintung where they will await further orders. The 120th divisions is moving eastwards by way of Yichun, Tunkuan and Sanyuan. An important conference of high officers of Chang Hsueh-liang including the commanders of the 107th, 117th and 129th divisions was held at Sian Dec. 16.

WAR MINISTER ASSUMES COMMAND OF PUNITIVE EXPEDITION

Gen. Ho Ying-chin

Gen. Ho Ying-chin, Minister of War, issued a circular telegram Dec. 17 announcing assumption of duties as Commander-in-Chief of the Punitive Expedition against Chang Hsueh-liang and the Sian rebels. Gen. Ho appointed Dec. 17 Gen. Liu Shih, Pacification Commissioner for Honan and Anhwei, and Gen. Ku Chu-tung, Governor of Kweichow and Director of the Generalissimo's Provisional Headquarters in Chungking, as Commanders-in-Chief of the Eastern and Western Routes respectively.

YU HSUEH-CHUNG JOINS REVOLT, RAIDS GOVERNMENT OFFICES IN KANSU

Confirmation has been received in Nanking that Yu Hsueh-chung, Chairman of Kansu and concurrently Commander of the 51st Army, also joined Chang Hsueh-liang in the revolt. On the night of the 13th inst., that is, the second day of the Sian rebellion, Yu Hsueh-chung's troops surrounded the Lanchow Pacification Headquarters and the Bureau of Public Safety and disarmed the military and police units of the two organs. Important officers of the Pacification Headquarters were murdered or detained. The people also suffered heavily from looting by the mutinous soldiers. Yu Hsueh-chung was in Sian when the rebellion started. Upon returning to Lanchow on the 15th inst., he ordered his soldiers to be on the alert against the Central Government troops. According to refugees from Lanchow, the Central Government organs at Lanchow and the Lanchow offices of the various Central Government forces were raided and looted by Yu Hsueh-chung's men. The families of the military officers were massacred; the Chief-of-Staff of the Pacification Headquarters was detained while the director of the Adjutant Bureau was seriously wounded.

Gen. Yu Hsueh-chung

Chang Hsueh-liang's private airdrome in Wuchang, where students learn to fly, was taken over Dec. 18 by the Government authorities. The foreign staff were allowed to leave, including the American, Julius Barr, the Young Marshal's number one pilot, but all the Chinese ground staff and students were arrested as a precautionary measure.

Yu Yu-jen, President of the Control Yuan, who left for the Northwest Dec. 17 as high commissioner of the Central Government to convey and explain the Central Government's policies to the people and armed forces in the western provinces, arrived at Loyang Dec. 18. Prior to his departure, he wired Chang Hsueh-liang and Yang Hu-cheng, the two rebel leaders in Sian informing them of his trip and asking that they send delegates to Loyang for a discussion.

NANKING DETERMINED TO SUPPRESS REBELS, NO COMPROMISE WILL BE CONSIDERED

The Central Government is determined to wipe out the rebels and under no circumstances will these plans be changed, declared Yeh Chu-tsang, Secretary-General of the Central Kuomintang Headquarters, at the weekly Sun Yat-sen memorial service at the Central Tangpu Dec. 21. In dealing with the rebels, Mr. Yeh stated, the National Government will strictly adhere to the decisions made on Dec. 12 and the mandate of Dec. 16, which ordered the launching of a punitive expedition.

An official spokesman of the Government, declared Dec. 18 that "one thing is certain. It would be beneath the dignity of the National Government to negotiate with Chang Hsueh-liang, whom we can consider nothing better than a bandit." After surrounding Sian and asserting its authority, the spokesman asserted, the government might be prepared, in order to save Gen. Chiang's life, to offer Gen. Chang assurances regarding his personal safety. "But under no circumstances will terms of a political nature be considered," he added.

Pending the settlement of the Sian revolt, the Executive Yuan will assume direct control over the political affairs in Shensi, according to a decision reached at its weekly session Dec. 22.

Authorities of the Hopei and Chahar Political Council are taking measures to prevent the defection of troops under their control to the camp of Chang Hsueh-liang. This followed the receipt by Gen. Sung Cheh-yuan, chairman of the Council, of a report from Gen. Wan Fu-lin, a former subordinate of the "Young Marshal", stating that he had been invited to join the insurgents by Gen. Kiao Cheng-liu, commandant of the 116th Division in Sian.

Acting under orders of Gen. Ho Ying-chin, commander-in-chief of the punitive forces marching on Sian, Gen. Lo Cho-ying, commander of the 18th Army, has ordered the evacuation of Kwangtung by his troops which are being moved northwards, according to *Domei* Dec. 18. The 93rd Division under Gen. Kan Li-chu began moving towards to Hankow on Dec. 16 and was followed by Gen. Huang Wei's 11th Division, Gen. Ho Kwei-chang's 14th Division and Gen. Li Shu-sen's 67th Division. Remaining Central troops consist almost entirely technical units, leaving Gen. Yu Han-mou, Pacification Commissioner for the province, in undisputed control.

KWANGSI LEADERS REPORTED DEMANDING WAR ON JAPAN

Immediate action against Japan was urged upon the Central Government in a circular telegram issued Dec. 17 by Generals Li Tsung-jen and Pai Chung-hsi of Kwangsi, according to a *Domei* report. The decision to resist Japan formed one of the three points of a resolution drafted by the military and civil officials of the province at a four-day conference held in Kweilin, beginning on Dec. 13. The other two points were: Suggestion that the Central Government settle the Sian incident by pacific means, and proposal to reorganize the Central Government, to enable it to carry out a program of anti-Nipponism and National Salvation.

The Sianfu situation is still being followed with the greatest excitement in Canton. Though the release of General Chiang Ting-wen raises hopes of a peaceful settlement, there is a general fear that a prolonged deadlock will precipitate a large-scale war.

The American Embassy at Nanking received word Dec. 21 from Herman Swenson, an American missionary in Sian, that all Americans in the rebel headquarters were safe. Word has also been received from Kansu to the effect that all Americans in Pingliang and Tsingning are safe.

DISAPPOINTMENT GREETS CHINA AS GEN. CHIANG FAILS TO RETURN

Intense disappointment greeted entire China last week-end when General Chiang Kai-shek, failed to return to Nanking on December 19 as previously announced. The announcement that he would return to the Capital before that day was contained in an autographed letter from the Generalissimo to War Minister Gen. Ho Ying-chin, brought back by General Chiang Ting-wen, the newly appointed Commander-in-Chief of the Northwest Bandit-suppression Forces and until recently Pacification Commissioner of Fukien. General Chiang Ting-wen was released by the rebels on Dec. 17 and arrived at Nanking by air on Dec. 19. General Chiang's letter to General Ho Ying-ching asking for suspension of hostilities reads as follows:

Gen. Chiang Ting-wen

"I hear that the (Government) air force bombed Weinan (43 miles east of Sian) yesterday (Dec. 16). I hope that you will immediately order the cessation of the aerial bombardment. Judging from recent developments, I may return to the Capital before Saturday (Dec. 19); therefore, it is important that hostilities should not break out before Saturday and that the aerial bombardment should stop immediately. (Signed) Chung-cheng (General Chiang Kai-shek's courtesy name). Sealed December 17."

Besides this letter, General Chiang Kai-shek also wrote a letter to Madame Chiang, assuring her of his personal safety in Sian.

"Since you call me President, then you are my subordinate. Today you can treat me in only two ways. If you recognize me as your superior official, you should immediately escort me back to Loyang; otherwise you are a rebel. If I am in rebel hands, then you should immediately kill me. Besides this, there is nothing more to be said." This is the sharp rebuke General Chiang Kai-shek gave to Chang Hsueh-liang on the first day of his captivity, according to General Chiang Ting-wen, who arrived at Nanking from Sian Dec. 18.

General Chiang Ting-wen stated as follows:

"At the beginning of the revolt President Chiang Kai-shek, myself and various officials were isolated from one another. Chang often came to see me and said that whenever he saw PresidentChiang the latter always rebuked him. I saw President Chiang at 9 a.m. Dec. 17, when I was accompanied by Chang Hsueh-liang, who would not permit me to have a private conversation with President Chiang. I saw that President Chiang's attitude was calm as usual. He asked for pen and paper and wrote two letters which he instructed me to bring back (to the Capital). One is addressed to Minister Ho Ying-chin and the other to Madame Chiang Kai-shek. President Chiang said to me: "If you go back you can inform everybody that my policies regarding national affairs are undoubtedly well understood, even by Chang Hsueh-liang and his associates. The rest has been fully indicated in my letter to Minister Ho. Judging from the present situation, I may return to the Capital in a few days."

A graphic account of the kidnaping of General Chiang Kai-shek by the rebel troops of Chang was given to *Reuter* Dec. 17 by an eye-witness. The Generalissimo, he says, was entering a motor-car on the morning of the revolt, with the intention of proceeding to Sian from Huachinchin, a nearby resort, when rebels surrounded the machine. General Chiang's bodyguards formed a ring around their chief and put up a brave resistance but were compelled to surrender when their number had been considerably reduced. Among the fatalities were Chiang Hsiao-hsien, the chief of the bodyguards, and General Chiang's stenographer. While the struggle was in progress the deputy-commander of the 13th division who was in the Generalissimo's party, managed to escape to Sien-yang, where he raised the alarm just in time, for three hours after his arrival the Young Marshal's troops launched an attack against the city.

TWELVE HIGH OFFICIALS STILL DETAINED, FOUR OTHERS KILLED

Besides Gen. Chiang Ting-wen, who has been released, the others still being held in Sian include:

General Chiang Kai-shek, President of the Executive Yuan and Chairman of the Military Affairs Council;

Gen. Chu Shao-liang, Pacification Commissioner for Kansu;

Shao Li-tse, Chairman of Shensi;

Gen. Chiang Tso-pin, Minister of Interior;

Gen. Ma Chan-shan, former Chairman of the Heilungkiang and one-time leader of the anti-Japanese volunteers in Manchuria;

Gen. Chen Cheng, Administrative Vice-Minister of War;

Gen. Chen Chi-cheng, Bandit-Suppression Commander on the Honan, Anhwei and Kiangsi borders;

Gen. Chen Tiao-yuan, President of the Military Advisory Council;

Gen. Chiang Fang-chen, former President of the Paoting Military Academy;

Gen. Chien Ta-chun, chief aide de camp of the Generalissimo;

Gen. Wei Li-huang, field commander of the anti-Red forces in the Northwest;

Gen. Tseng Kwang-ching.

The four who were killed during the coup are:

Shao Yuan-chung, Chairman of the Party History Compilation Committee and former Vice-President of the Legislative Yuan.

Gen. Yang Chen-ya, high officer of the Sian Gendarmes Headquarters;

Gen. Ma Chih-chiang, chief of the Sian police force, whose body was nailed to the city gate by the rebel troops;

Captain Chiang Hsiao-hsien, chief bodyguard of the Generalissimo.

Hsiao Nai-hua, Gen. Chiang's Secretary.

Gen. Chien Ta-chun, who was wounded, is reported to be receiving medical treatment in Sian.

CHANG'S SPOKESMAN MAKES KNOWN FIVE DEMANDS TO GOVERNMENT

A spokesman for General Chang Hsueh-liang has declared that the events in Sian do not constitute a revolt but "only a method of changing policy in a non-democratic country," according to information received from Peiping by the *Shanghai Evening Post* Dec. 16. This spokesman asserted that the primary purpose of General Chang's action was "to compel a reorganization of the Nanking Government and the adoption of that united front which has been repeatedly proposed by all patriotic elements in the nation."

Main demands of the "Young Marshal" were said to be as follows:

1.—Adoption by Nanking of a policy of strong resistance to Japanese military and economic demands, including the opening of a war for the recovery of lost territory.

2.—Abolition of Kuomintang dictatorship, with the granting of true democracy, the guaranteeing of civil liberties, and the releasing of political prisoners.

3.—Organization of a national defense government giving full representation to all patriotic political parties, the armies, and the masses.

4.—Cessation of what is termed "a decade of stalemate in the civil war against the Chinese Communist armies" and the acceptance of the Communists' repeated offers for an anti-imperialist united front, and participation in a democratic government.

5.—Formation of alliances with the Soviet Union and all nations treating China as an equal to protect China against possible effects of the recent German-Japanese treaty.

The spokesman for General Chang's "Tungpei Army" declared that the general has violently opposed recent concessions reported to have been made by Nanking to Japan as result of recent negotiations. He has opposed the suppression of strikers in Japanese mills at Shanghai and Tsingtao, and the arrest of six prominent "patriotic leaders" of the National Salvation Association at Shanghai. Mao Tse-tung, Communist Army leader, recently told Edgar Snow, correspondent of the *London Daily Herald*, that General Chang is supported by the entire "red" army in his attitude on current issues. General Chang's army is reported some time ago to have concluded an agreement with the Chinese Communists of the Northwest whereby the Tungpei and the Red Armies would co-operate in a common demand for a war against Japan for the recovery of Manchuria. Combined forces of the two are said to total more than 200,000 men.

One report said Dec. 16 that the action against the Generalissimo followed an incident at Sian when a procession of 7,000 people marched toward his headquarters in an effort to present a petition for an end to civil war in the interest of a united front and the declaration of war against Japan, whereupon the Generalissimo's bodyguard is reported to have opened fire, killing several students. "Northwest Alliance" commanders are said to have previously presented demands that General Chiang accept the "united front" project, whereupon he flatly refused and on the contrary ordered transfer of General Chang Hsueh-liang's army southward far from any "Japanese front." This is said to have annoyed former Manchurian commanders who have blamed the Generalissimo for orders to withdraw from Manchuria without fighting in the autumn of 1931, and who ever since have demanded a war for restoration of all territories lost between 1931 and the present time.

Gen. Chiang Kai-shek's refusal to open hostilities against Japan was given by Gen. Chang Hsueh-liang as one of the objectives of the Sian revolt in a message sent to Gen. Yen Hsi-sanh, Dec. 12, according to *Domei*. The message read in part as follows:

"When Gen. Chiang visited Sian, I proposed that he should send troops north to fight Japan. As I was unable to obtain his consent, I was obliged to detain him in Sian for a period of time, In taking this action, I was motivated only by a desire to serve the country. While giving a pledge that Gen. Chiang would not be harmed, I formulated a program of eight articles, some of which sought the cessation of hostilities against fellow-Chinese, a reorganization of the National Government, co-operation with the Communists and an alliance with Soviet Russia.

"I respectfully beg your concurrence with these views", the "Young Marshal's" message to Gen. Yen continued, "and simultaneously offer my regrets for not having been able to consult you on the matter prior to making my decision." The appeal concluded by asking for the prompt release of the leaders of the National Salvation Association recently arrested in Shanghai.

General Sheng Shih-tsai, Border Commissioner for Sinkiang, has wired the National Government, denying any complicity of his province in the Chang Hsueh-liang revolt at Sian. Current rumours of Sinkiang's participation in the rebellion were merely aimed at paralyzing the good relations hitherto existing between the Central Government and Sinkiang, Gen. Sheng declared.

CHEN CHI-TANG CABLES NANKING FROM ABROAD PLEDGING LOYALTY

Whole-hearted support to the Central Government in coping with the Sian revolt has been pledged by Gen. Chen Chi-tang, former Kwangtung Governor, and several other retired officers and officials now living abroad, in a joint telegram received in Nanking Dec. 20 from Berlin. Bitterly denouncing Chang Hsueh-liang as the "enemy" of the nation and the people," Gen. Chen Chi-tang stated that it was the duty of every soldier and citizen to support the national leader in the task of national salvation during this hour of grave national crisis. Besides Gen. Chen Chi-tang, the signers of the telegram included Lin Yi-chung, former Finance Commissioner of Kwangtung, and Gen. Wei Yi-sen, a former North China military commander.

CHINESE ENVOYS ABROAD CONCERNED OVER SAFETY OF GENERALISSIMO

Chinese diplomatic representatives abroad are deeply concerned over the safety of the Generalissimo as indicated by telegrams received by the Waichialopu. Dr. Wellington Koo, Chinese Ambassador to Paris, and Quo Tai-chi, Chinese Ambassador to London, have sent a joint telegram to China advising the insurgent leaders at Sian to escort the Generalissimo back to the capital for the sake of China's international prestige as well as her

unification. Dr. Koo and Mr. Quo and Victor Hoo, Minister to Switzerland, have also sent messages of sympathy to Madame Chiang Kai-shek. A similar warning was sent Dec. 17 to Chang Hsueh-liang by Dr. C. T. Wang, Ambassador-designate to Washington.

Overseas Chinese residing abroad are greatly concerned about the Sian rebellion and the safety of General Chiang Kai-shek. Cablegrams have been received by the Ministry of Foreign Affairs from the Consulates at Saigon, Annam; Rangoon, Burma; and the Commercial Commissioner's Office at Bangkok, Siam, inquiring about the actual situation in Sian and the safety of General Chiang.

WANG CHING-WEI ASKED TO RETURN TO CHINA TO COPE WITH CRISIS

Reuters reports that the Chinese Government has cabled Wang Ching-wei, formerly President of the Executive Yuan at Nanking, urgently requesting his return to China to co-operate with the Central authorities for a general strengthening of the position arising out of the revolt of Chang Hsueh-liang. Mr. Wang is at present somewhere in Italy and is scheduled to sail for China from Genoa Dec. 22.

A wire asking the leader of Sian revolt to see that General Chiang Kai-shek, his distinguished captive, comes by no harm, was sent to the "Young Marsnal" by his wife, Mme. Chang Hsueh-liang, who is now residing in Brignton, *Reuters* reported Dec. 18.

Italian Foreign Minister Count Ciano sent Dec. 21 the following telegram to General Chang Hsueh-liang: "You are my friend. If you join the Communists you will be my enemy, China cannot exist without General Kai-shek".

ARITA THREATENS TO ABANDON "WAIT-AND-SEE" ATTITUDE, IF NANKING COMPROMISES

Foreign Minister Hachiro Arita informed the Chinese Ambassador, Hsu Shih-ying, Dec. 18 that in the event of a compromise in the negotiations between Sian and Nanking the Japanese government would be unable to continue its present benevolent "wait and see attitude."

The question whether the Chinese Government will continue its punitive expedition or seek a political solution seems to be one of the most important factors that will influence the decision of Japan's attitude toward China, according to a *Central News* dispatch from Tokyo. Mr. Arita, the Foreign Minister, invited Dec. 19 Hsu Shih-ying, Chinese Ambassador to Tokyo, for an interview, during which the former expressed his deep concern over the measures to be taken by the Chinese Government to cope with the Sian situation. In reply, Mr. Hsu assured the Japanese Foreign Minister that the Central Government will not make any unreasonable compromise with the rebels.

All provinces of China, save Sehnsi and Kansu, support the Central Government in its efforts to suppress the mutiny staged by Gen. Chang Hsueh-liang, Foreign Minister Arita told the Cabinet Dec. 18. Mr. Arita further reported that Ambassador Shigeru Kawagoe has been assured by the Nanking Government that its attitude towards Japan would not be affected by the Sian revolt.

KAWAGOE PAYS TRIBUTE TO FIRM STAND OF GOVERNMENT IN SIAN CRISIS

Effects of the Sian coup upon the Sino-Japanese relations were discussed at a two-hour interview Dec. 21 between Gen. Chang Chun, Foreign Minister, and Ambassador Shigeru Kawagoe, according to a *Domei* report. No mention was made at the interview of any specific problems discussed previously, although Mr. Kawagoe expressed his hope for progress in the current conversations between Consul-General Yakichiro Suma and Kao Tsung-wu, Director of the Waichiaopu's Asiatic Affairs Department. At the outset of the interview, Mr. Kawagoe expressed his Government's sympathy with the Chinese Government and people over the Sian coup and a hope for a speedy and safe return of Gen. Chiang Kai-shek to Nanking. Gen. Chang, in reply, expressed his Go vernment's appreciation of these sentiments. Declaring that Tokyo understood that Gen. Chang Hsueh-liang has been urging the Nanking Government to adopt an anti-Japanese and a pro-Communist policy, Mr. Kawagoe then asked for the Chinese Government's attitude towards these overtures. In reply Gen. Chang assured Mr. Kawagoe that the Central Authorities have already definitely decided to suppress the revolt and punitive operations are already in progress. Gen. Chang reiterated his Government's determination to enter into no compromise with the mutineers. China's policy towards Japan, Gen. Chang reportedly continued, would not be affected by the current developments. The "old-views" on China,Mr. Kawagoe said, must be dispensed with in favor of new conceptions. He also praised the firm attitude maintained by the Central Government in the current dispute, despite the absence of the Generalissimo.

Failure to reach agreement on the settlement of the Pakhoi and Chengtu incidents was reported Dec. 22 following a 10-hour meeting between Consul-General Yakichiro Suma and Kao Tsung-wu, Director of the Waichiaopu's Asiatic Affairs Department, according to *Domei*.

PRINCE TEH ANNOUNCES SUSPENSION OF DRIVE ON SUIYUAN DURING SIAN CRISIS

The Mongol invasion of Suiyuan has been suspended to enable the Chinese Government to concentrate its full resources in dealing with Chang Hsueh-liang's revolt in Shensi. This important development, which demonstrates the hold which General Chiang Kai-shek has on the minds of the people of China, was announced in a circular telegram received in Peiping Dec. 18 from Teh Wang and Tso Shih-hai, leaders of the Mongol invading forces of Suiyuan. The message urges that all steps possible should be taken to secure the release of General Chiang Kai-shek, and announces the suspension of fighting with Suiyuan as the Mongols do not want "a local issue" to affect the general situation in China. Whatever may have been in dispute with Suiyuan, they add, "the Mongols have never wavered in their loyalty to the Central Government."

This telegram is declared to be a fake by the military authorities at Pingtichuan. It is stated that the "armistice" plea was issued with the intention of disrupting the Suiyuan military plans to play for more time to bring up further "Irregulars" reinforcements from the rear. The Chinese authorities in Pingtichuan are taking no chances and are continuing to maintain strict precautions against further attacks from the "Irregulars."

Peace resigned over the snow-swept Suiyuan borders as the provincial troops and the Mongol irregulars suspended fighting to await the outcome of the Sian revolt, according to a *Domei* report Dec. 19.

WANG YING REBELS SAID NEGOTIATING FOR SURRENDER TO SUIYUAN AUTHORITIES

Wang Ying, the leader of the Mongol irregulars now invading Suiyuan with "Manchukuo" troops, is negotiating for surrender to the Suiyuan authorities, according to a *Reuter* report Dec. 22. If this is completed, it will reduce the trouble in Chahar and Suiyuan to a simple issue between "Manchukuo" and China as then the only "non-Manchukuo" troops left among the attackers would be Prince Teh's insignificant force of about 2,000 men.

Two thousand "Irregulars," under the command of Chang Wan-ching, surrendered to the government at Nanhaochien, eastern Suiyuan, Dec. 18, while Chang was absent attending a military conference at Chapser, according to a telegram received at Nanking Dec. 19 from Gen. Yen Hsi-shan. Yaotsekou and Tachienkou near the Suiyuan-Chahar border, where the surrendered troops are now stationed, were bombed by eight Japanese airplanes Dec. 19.

Prince Ah, Chairman of the Suiyuan Mongolian Political Council, in a circular telegram Dec. 18 to Dr. H. H. Kung, acting President of the Executive Yuan, pledged his support and that of the ten Banner Leagues under his control to the Central Government. The Mongol leader deplored the action of Chang Hsueh-liang and expressed hope for the early return to Nanking of the Generalissimo. He also assured Dr. Kung that he will continue to lead his men in defending Suiyuan against the invading "Irregulars" from Chahar.

Gens. Yen Hsi-shan and Fu Tso-yi, respectively Pacification Commissioner for Shansi and Suiyuan and Chairman of Suiyuan, have requested Prince Yun, chairman of the Suiyuan Mongolian Political Council, to form a committee to direct rehabilitation work in Pailingmiao.

FORTY JAPANESE EXECUTED BY MONGOL IRREGULARS AT TAMIAO, KEEN AVERS

Forty Japanese officers attached to the "Manchukuo"-Mongol irregulars were executed near Ulanhua on December 9 by soldiers of a calvary brigade under the command of bandit chieftain Wang Ying shortly before they surrendered to the Suiyuan Provincial Government troops at Tamiao. This information, together with other facts which substantiated the belief that Japanese army officers were financing, directing and organizing the "irregulars" attack on Suiyuan, was revealed in Shanghai Dec. 19 by Victor Keen, correspondent of the *New York Herald Tribune*, who returned Dec. 18 from Kweihua, capital of Suiyuan, where he interviewed General Fu Tso-yi, Provincial Government Chairman, and several army commanders. The information of the execution of the 40 Japanese officers, hitherto unknown to the outside world, was obtained by Mr. Keen in an interview with Brigade General Keh Tse-ho, subordinate officer under Wang Ying. General Keh was one of the officers of Wang's calvary brigade commanded by General Chin Hsien-chang which surrendered to the Government at Tamiao, one-time irregular stronghold 80 miles northwest of Pailingmiao. General Keh in his interview with Mr. Keen declared that Japanese Kwantung Army Headquarters has been financing, directing and organizing the drive on Suiyuan. The military expedition in China's Northwestern province, General Keh told him, was directed by a commander-in-chief who was formerly a colonel of the Kwantung Army. This Nipponese officer, General Keh revealed, is known in his Chinese name as "Hsiao Ping." General Keh further said: "All the irregular military units are being paid directly from the Kwantung Army Headquarters at Hsinking, capital of the puppet "Manchukuo." The Japanese are also supplying military airplanes, pilots, trucks, food and ammunition. The irregular army, numbering some 10,000, and commanded by General Li Shou-hsin participating in the Suiyuan military adventure are entirely directed by Japanese officers. When my calvary brigade surrendered at Tamiao, we turned over 10 field artillery guns, a large number of machine guns, rifles and 150,000 rounds of ammunition. The surrendering unit totaled 1,000 soldiers, forming the 10th calvary unity of the Mongol forces." Questioned by Mr. Keen as to the reason for executing the 40 Japanese officers of his brigade, General Keh pointed out that the Nipponese had been arrogant, treating both the Mongols and Chinese as inferiors.

The "Slave Trade" in Japan

(Editorial in the "Japan Chronicle" Dec. 13, 1936)

Occasionally there is a disclosure which shows how very slow is the reform in the slave trade desired by a vast number of humane people in Japan. Parents can and do sell their daughters into the licensed quarters, and once in it is with the greatest difficulty that the girl—if at all attractive—can escape. Release comes as a rule only when the last vestige of health and good looks is vanishing. Attempts are continually being made to remedy this state of affairs so as to give the unfortunate women at least a fair chance of working out their original contract, and only their original contract. But it is an uphill business, for too often those in authority take the side of the trade, and enforce the contracts with a ruthlessness that certainly doesn't come into play in any other branch of commerce. Attention is directed to the subject once again by the action of the Osaka Police, who have just served brothel proprietors in Osaka with a number of "bombshell" notices. It is possible to estimate the injustices done to the prostitute by the manner in which the police warnings have been received.

The Peace Maintenance Section's plan is obviously based solely on investigations conducted among the immates, without any consideration for the proprietors, one of the slave owners told reporters yesterday. He added, "The general depression has affected us considerably, and if the plan is enforced it will make things exceedingly difficult for us." One would imagine from this that the police are proposing a radical revision of the regulations applied to the licensed quarters. Actually they are doing no more than to call on the brothel proprietors to observe the rules already in existence. Some 150 violations were discovered during the course of the investigation which preceded the "bombshell." Whether this means that 150 different brothels were found to be offenders, or only 150 girls were victimized, is not clear. The former is more likely, judging by the panic that seems to have been caused in the ranks of the body traffickers. At all events the police have now reminded the girls' owners that the "expenses" charged their victims must not exceed the actual cost, which means a reduction of from fifty to twenty per cent in the present charges for meals, clothing, bedding and room-rent. There must also be a reduction of the food and drink tariff for customers—a shrewd blow to check the rising cost of living—and finally the girls must be allowed a minimum of twelve holidays a year on which they shall be permitted to leave the licensed quarters without an attendant. If this is going to make things "extremely difficult" for the slave owners, one wonders what the real measure of the plight of the slaves is today. They have never been able to take advantage of revisions in the law which theoretically opened the doors of their prisons, and it now appears that in many cases they are actually back in the worst of the bad old days.

It was as far back as 1870 that the Emperor Meiji issued a mandate declaring that a licensed prosittute was free at any time to abandon her profession and was not to be held thereto by pretence of debt. That mandate was never acted on, the custom generally being for the police to accept the word of the brothel-keeper regarding the debts of the inmates, and to order the girls to follow their profession until the money was paid. How impossible that may become is seen by the Osaka police discovery. What the girl earns isn't her own money by a very long way. And out of the little pittance she is allowed for herself she must find sufficient to pay for the privilege of being locked up by her keeper, who apparently makes a normal boarding house profit out of that alone. Of course there is always a girl or two in every brothel who has no particular desire to get out of it. A woman now on trial for her life in Tokyo has told the Court that she was happy in the licensed quarters because she had nothing to worry about. It is from this class that the prostitute is recruited in most countries, but the system in Japan is essentially different from all others in that the girl as a general rule is only half willing to live in the licensed quarters, and then only because she is buoyed by the belief that she is doing the right thing by the family. Either father hasn't had any money for drink for weeks and weeks, or there is a brother anxious to get the benefits of a University education. These are the girls the social reformers are working for. There are thousands and thousands of them. In Osaka alone there are over ten thousand prostitutes in the nine licensed quarters. If but a quarter of them—probably a fair estimate—live for the day when they can turn their back on the brothels, the sum of their misery is appalling. If there is but one girl worth helping in the whole ten thousand the thought of it ought to make any decent man's blood boil.

At all events, attempts to get action under the Meiji edict were so fruitless that the reformers had a new law passed some ten years ago definitely permitting a woman to leave the licensed quarters at any time, no matter what the terms on which she had been purchased. It was complained by the traffickers that this would lead to swindling, and as if to prove it a case was almost immediately reported where a woman walked out only a week or two after her keeper had parted with a sizeable sum for her services. Not many such cases have been reported since, however. A woman and three ingenious gentlemen friends were arrested some months ago for a trick of this sort—apparently it was worked half a dozen times—but brothel owners develop many of the instincts of the horse dealer and are not often cheated. Certainly it is a trick that can be played only by the professional crook, for the police have usually been only too ready to come to the keeper's assistance and ensure that at least he shall get his money back. Early this year there was an interesting sidelight on the manner in which the liberty law worked. A young woman who had been sold for a term of years for Yen 1,700, and who after seven months could no longer endure it, asked for help. A Labor leader applied to the Court for official mediation. The judge, who heard the case sympathetically, secured a compromise whereby the girl was to be allowed to keep her liberty as long as she paid back all the slave owner had laid down for her purchase. Not a word was said about the rights she was supposed to have under the Meiji edict, or under the newer law. The only consideration she received was permission to pay back on the instalment plan. Presumably her former owner will have the right to seize her if ever she is in arrears with her payments.

But perhaps the best proof of all of the way the girls are treated is the fuss the press makes when someone escapes. The story, which sometimes has a sorry bit of romance dragged into it, is written up in much the same manner as jail breaks in other lands, and there is almost the same hue and cry in official quarters. Sometimes no more is heard. The girl leaves no trail. Ofter, however, the chase has a sequel, and rarely indeed does the unhappy little fugitive find a Labor leader or anybody else to champion her. In at least one instance the victim killed herself as the police dragged her back. No one was ever punished for it, unless a police reprimand is considered punishment.

Reform, it appears, is still a long way off, the possibilities less promising than they were only a few years ago. Apparently success was so nearly in sight that the campaigners slackened, and they are now back almost to where they started. All that can be hoped for the in next few years is action like that now being taken by the Osaka police. That will be something. At least the girls will have a chance to earn their freedom, a chance that most brothels to-day deny them.

"China Has Own Freedom to Choose Friends"

Dismissing the statement issued by Mr. Arita, Japanese Foreign Minister, to Hsu Shih-yin, Chinese Ambassador to Japan, on December 19, to the effect that in the event of a compromise in the negotiations between Sian and Nanking the Japanese government would be unable to continue its present benevolent "wait and see attitude." The *Lib Pao* commented :—"The Sian mutiny is entirely an internal affair of China. The authorities of the Central Government have absolute right to settle the matter in whatever way they deem appropriate. There is no doubt that China will find the right course to follow for the continued existence of its race. In brief, China is an independent country, and it is only up to the Chinese themselves to decide as to what way they should follow in the future. If an attempt was made by any foreign nation to take advantage of the present situation to interfere with China's internal policy, it must be considered an infringement on China's sovereign rights. It does not matter whether or not such proposal is suitable for China at present. China will not tolerate any forcible action threatening her to accept this proposal.

"It is, indeed, strange that Mr. Arita, Japanese Foreign Minister, should have made such threatening terms to our Ambassador Hsu in Tokyo, that "Japan can no longer wait and see" and that "she has now great determination in her policy toward China."

As we have pointed out before, the one who will be most benefitted by the Sian mutiny will be our common enemy, and it is only our common enemy, who is now eagerly awaiting further trouble, as a result of the Sian revolt. For this reason, it is our earnest hope that our soldiers in the Northwest will think more of China's resistance against her enemy and her united strength to offer such resistance."

"The Mutiny in Sian Will Be Settled in the Shortest Period," Says "Shun Pao"

Dwelling on the same subject, the *Shun Pao*, in a leading editorial wrote :

". . . . The mutiny in Sian will be settled within the shortest period. Such tendency will not only be decided by the unanimous opinion of the Chinese people but also by the present international situation. China is now on her way to recovery. If something should have happened to General Chiang, the strength of China's resistance campaign will greatly dwindle. The capture of General Chiang is greatly opposed by the peace-loving nations of the universe."

Soviets Deny Any Complicity in Sian Coup

Acting upon instructions from the Moscow Government, I. Spilwanek, Soviet Charge d'Affaires, called on General Chang Chun, Minister of Foreign Affairs, at Nanking, Dec. 19, to make an official denial of rumored Soviet complicity in the Sian revolt. During the interview, it was learned, Mr. Spilwanek stated that immediately after the receipt of news regarding the Sian crisis, the Soviet Government made a clear declaration of its attitude, holding that Chang Hsueh-liang's actions were detrimental to the unity of China and her national strength. Mr. Spilwanek declared on behalf of the Soviet Government that not only was his Government in no way concerned with the Sian affair, but that ever since the Manchurian Incident of 1931, it never had any direct or indirect relations with Chang Hsueh-liang. He further denied any connection between the Soviet Government and the Chinese Communists, and declared that the Soviet Government could not assume any responsibility for their movements. In conclusion, Mr. Spilwanek stated that the Soviet Government was painfully surprised at rumors circulated by a section of the Chinese people and newspapers, which seemed to implicate the Soviet Government in the Sian coup. He hoped that the Chinese Government would take steps to curb such rumors.

Shigemitsu Directed to Seek Early Signature of Fisheries Pact with Soviets

Foreign Minister Hachiro Arita Dec. 9 cabled Mamoru Shigemitsu, Ambassador in Moscow, to approach the Soviet authorities with a request for an early signature of the protocol extending the existing fisheries agreement between Japan and the U. S. S. R. The accord was originally scheduled to be signed on Nov. 20, but the Soviet authorities suddenly announced that "a delay in internal administrative procedure" made a postponement imperative. Observers in Tokyo agreed that the postponement was calculated by the Kremlin authorities to show their dissatisfaction with the German Japanese anti-Communist pact.

New Bauxite (Aluminum) Mine Opens in Soviet Russia

A new bauxite mine has been opened near Kabakowski and is expected to yield an output of 350,000 tons yearly. This undertaking is of outstanding significance in view of the fact that aluminum is extracted from bauxite and that, through the opening of this mine, the principal raw material for the recently developed aluminium industry in the Urals is now ensured. The work of sinking the main shafts is being pushed as rapidly as possible and it is hoped that the mine will have attained its major output by the beginning to 1938.

Map of Soviet Russia Being Made of Semi-Precious Stones

Over 200 experts of the mosaic art, stone-cutters and jewellers are now working in Moscow upon an enormous map of the U. S. S. R. to be made of semi-precious stones after the example of the Florentine mosaic. This map will be the principal exhibit at the All-Union Jubilee Exhibition "The Industry of Socialism" to be held in Moscow in 1937. Before this, the map will be displayed at the International Paris Exhibition "The Arts and Technique in Modern Life." The size of the map is 20 square meters. This unique work of art will contain an extremely rich variety of the Ural, Pamir, Siberian and other semi-precious stones. The water spaces on the map will be inset with blue Badakhshan and Siberian lapis lazuli, lowlands and forests with green jade, and the highlands with brown jasper. The signs on the map (cities, all industrial enterprises built during the two Five-Year Plans, the new canals, the most important centers of natural resouces, etc.—altogether 2,000 points) are to be made of valuable stones—amethyst, topaz, rock-crystal etc. Thus, Moscow will glow on the map as an enormous ruby, the White Sea-Baltic Canal named after Stalin will shine with blue acquamarines.

Percy Chen Outlines Program for Close Relations with Soviets

Percy Chen, who was recently appointed advisor to the National Economic Council, gave an interesting interview in the *China Press* Dec. 23, in which he said, among other things:—

As one who for many years has favored close and friendly relations between China and Soviet Russia, I have been guided all the time by the teachings of our late leader Dr. Sun Yat-sen. Co-operation policies in order to be fruitful in the cause of Peace not only in the Far East but also throughout the world can only be achieved if four principles are followed.

"First, it must have as its purpose the security of peace in the Far East and should have the good will of the main powers interested in the peace of this part of the world, namely England, U.S.A., and Japan. I do not think that either China or Soviet Russia are anxious for a war in the Far East, any more than England or the U.S.A. In the case of Japan, however, she is following a national policy of aggression in China which cannot but result in Chinese resistance by force of arms. The temper of the Chinese people is rising. The way the people of all parts of China have rallied round the Suiyuan forces have shown this. The will to resistance has been expressed by the determination with which our troops seized the initiative to capture Peilingmiao. And one can well imagine what will be the worth of 'peace talk' and 'negotiations' in Nanking if the Japanese Kwantung Army were to make use of its divisions, already massed at Dolonor and Tushihkow, to reinforce the renegades, Teh Wang and Li Shou Hsin. From our forbearance the whole world knows that we want peace in the Far East. But we will not take it at Japan's price.

"Secondly, co-operation with Russia in the cause of peace must be on the basis of that absolute equality which was the feature of the exchanges between Sun Yat Sen and Lenin—in which trade between the two countries should be equalised as far as possible, and in which the normalization of Chinese sovereignty in our outlying territories should receive the benevolent encouragement and good-will of the Soviet Russian Government.

Thirdly, it must be based upon the absolute principle of non-interference in the internal affairs of each other.

"Fourthly, an agreement between China and Soviet Russia can only be useful or valuable if concluded in accordance with the usual proceedure as between the Nanking Nationalist Central Government and the Government of the U.S.S.R. Weight to such a document would naturally flow from its registration with the League of Nations and would automatically bring it within the scope of the League Covenant."

Manchukuo Informed of Italian Consul's Appointment

Luigi Cortesi, counsellor of Embassy and chief of the general affairs section of the Overseas Bureau of the Foreign Affairs Ministry in Rome, has been appointed the first Italian Consul-General in Mukden, the Foreign Office in Hsinking was advised Dec. 17.

Serious View Taken in Moscow of Sinking of Ship "Komsomol"

According to information received in London Dec. 21, eight Soviet Russian submarines, three torpedo-boats and two destroyers left Odessa the previous day for the Mediterranean. They had orders to protect Soviet Russian steamers from any molestation and to fire on any ship of the Spanish Nationalist Government which should attempt to interfere. This action of the Soviet Government is believed to be the answer to the recent sinking of the Soviet freighter *Komsomol* by a Nationalist warship.

Japanese Marine Assaults British Detective in Shanghai from Behind

An attack allegedly committed by a member of the Japanese Naval Landing Party on Sunday evening Dec. 20 on Detective Sub-Inspector A. Cumming (not in uniform), attached to the Shanghai Foreign Settlement Police, is being investigated by the Shanghai Municipal Council and the Commissioner of Police, Major F. W. Gerrard.

In his report to the Commissioner, Detective Sub-Inspector Cumming is understood to have stated that he was grabbed by the neck from behind by a fully armed member of the Japanese Naval Landing Party a few steps from Hongkew Police Station along Minghong Road. As he turned to defend himself he faced the weapons of other armed Japanese marines. When he saw a patrol of constables coming out of the station and shouted for help, he was struck on the mouth.

Detective Sub-Inspector Cumming averred that he had in no way provoked any aggressive action on the part of the Japanese marine. He stated that he managed to get out of the custody of the marines with the help of a patrol of foreign, Chinese and Sikh Police.

The following statement of the incident was issued Dec. 21 by an officer of the Japanese Special Naval Landing Party:

"Japanese bluejackets, posted at the corner of Minghong and Miller Roads on Sunday evening saw a tall foreigner with a cigarette in his mouth, approaching them. This man approached one of the sentries and, ignoring the fact that the bluejacket was standing on duty, passed his hand over the sailor's bayonet. The bluejacket regarded this as not only a gesture of contempt, but also as possible danger—to which all Japanese bluejackets have been exposed since the Nakayama case of last November. The sentry attempted to stop the foreigner, but the latter, with a grin on his face, continued to stroke the bayonet. He was not stopped until other sentries in the neighborhood came to the bluejacket's assistance."

The sentries, the Japanese officer explained, are being posted in the Hongkew district as at sequel to the assassination of a bluejacket on Haining Road on September 23.

Sino-German Trade Compromised by New German-Japanese Pact

BY O. K. LEE

IN view of the unfavorable reaction which manifests itself widely among the Chinese against the recently announced German Japanese agreement, and when predictions are made on all sides that the German trade with China will seriously suffer in consequence, the question naturally poses itself, Can Germany afford to lose China as a purchaser of her exports and supplier of her raw materials. The want of markets for her industrial products and the desperate need of raw materials because Germany no longer possesses any colony with which industrial products may be exchanged for raw materials to place her on a self-sufficient basis, incline us to answer the question in the negative.

Germany's need of China is probably intensified by the present tendency of her foreign trade, which, as shown in the following tables, has been steadily declining since 1929:

Year	*Import*	*Export*
1929	13,447	13,482
1930	10,395	11,310
1931	6,727	9,980
1932	4,667	5,739
1933	4,024	4,871
1934	4,451	4,167
1935	4,158	4,269

(Unit: 1,000,000 Marks)

It is significant to note that, while Germany's foreign trade is steadily falling off, her trade with China is rising rapidly in comparison with the trade between China and other countries. In 1933 Germany enjoyed 7.95% of China's trade and 3.40% of China's export trade, and in 1934 the figures rose to 8.99% and 3.58% respectively. The increase continued during 1936, particularly with reference to Germany's share in China's import trade. Germany's position as compared with other countries participating in China's import trade during the months January-September, 1935, and for the same period in 1936, is shown in the following table, in which the values of trade are given in percentage:

	Jan.-Sept. 1935	*Jan.-Sept.* 1936
United States	19.22%	19.87%
Germany	10.63%	16.67%
Japan	14.31%	15.02%
United Kingdom	9.95%	11.91%
Dutch Indies	5.32%	6.75%
Brit. Indies	4.69%	3.20%
Belgium	1.95%	2.63%
Siam	3.29%	2.53%
France	1.45%	2.34%
Indo-China	7.82%	2.14%
Canada	2.13%	2.13%
Other countries	19.24%	14.81%
Total	100%	100%

As seen in the above table, Germany now enjoys 16.67% of China's import trade and occupies a leading position, next only to U.S.A. And, unless the friendly relations hitherto existing between China and Germany are seriously affected in consequence of the German-Japanese agreement, there is every likelihood that next year Germany will rise to the topmost position in China's list of importing countries.

It may be pointed out, however, that the steady advance of Germany' trade position in China is not due to any inflexible demand on the part of China for German goods in particular, because machinery and other industrial products of no inferior quality are obtainable from many other countries besides Germany, but largely to a psychological factor, namely, the friendly feeling which China and the Chinese people entertain towards a country that treats her on equal terms. On the other hand, the supply of raw materials from China is, under the present circumstances, an almost absolute physical necessity to Germany.

Another question: Is Germany likely to lose her trade position in China? This all depends. Since I have pointed out in the foregoing that the comparative prosperity of Sino-German trade rests largely on a psychological basis, this question naturally resolves itself into a query whether that psychological basis—the friendly feeling of the Chinese—can, and will be, maintained intact or not.

The reaction of the Chinese public to the German-Japanese agreement, as indicated by individual views and press comments, certainly does not encourage an optimistic view of Sino-German relations.

Despite repeated assurances from German diplomatic authorities, the belief, rightly or wrongly, persists in China that the German-Japanese pact is essentially in the nature of a military alliance and covers far more ground than the scope of the published document and that the alliance is, directly or indirectly, prejudicial to the interests of the Chinese nation. Personally, the writer does not concur in this alarmist opinion. Yet, the fact cannot be denied that such misgivings do exist in the minds of the Chinese public, as evidenced by the following extracts taken at random from Chinese press comments:

"Significance is to be attached to article II of the agreement, stipulating that the contracting states shall invite other countries to participate in the present agreement. Is China not one of the "other countries?" Is not the Japanese demand for Chinese co-operation in an anti-communist campaign an invitation to participate in the agreement? Is Germany not bound by the agreement to tender a similar invitation to China? In what form should such invitation be tendered, and what responsibility devolves upon Germany should she fail to induce China to accept the invitation?" (*Ta Wan Pao*).

"The most incomprehensible factor in this agreement is that since Japan and Germany have long pursued the same policy of anti-communism, they should have found it necessary to conclude an agreement, which is absolutely meaningless——unless in actuality it be a military alliance against Soviet Russia." (*Ta Kung Pao*).

"In our opinion the German-Japanese agreement is a serious blow to the peace of the world. A maneuver made single-handed by Japan or Germany without the conclusion of an alliance could have struck sufficient terror into the hearts of the rest of the world. With the conclusion of an alliance, these two countries will become more audacious and reckless in their movements on the international stage. Frankly speaking, the German-Japanese pact will seriously affect China's future destinies." (*Tientsin Yih Shih Pao*).

"It is obvious to the whole world that Japan, while openly avowing its purpose to defend herself against Soviet Russia, harbors the intention of invading China. Has Germany, then, not pledged her support to the Japanese plan of annexing China, by accepting Japan's invitation to form an anti-Soviet alliance?" (*Ta Wan Pao*).

"It is only to be expected that stronger pressure will be brought to bear on China to join the anti-Communist bloc now that a military alliance has been concluded between Japan and Germany. In this connection it is significant to note that, Japan has not yet abandoned her demand on China for a joint front against communism." (*Hua Pei Jih Pao*).

"The interpretation of the provisions in the Protocal concerning defense measures and special committee may be extended to include military activities.—It is certain that the primary object of the agreement is not to maintain the internal peace of the contracting states but to interfere in the politics of other countries. Under certain circumstances, the agreement may be used as a pretext for military co-operation and interference in the internal politics of a third country in the name of self-defence." (*Central China Daily News*).

"In a declaration made by the Gaimusho in connection with the German-Japanese agreement, special mention was made of China. It may be inferred that Japan intends to carry out its defence measures chiefly on Chinese territory. Therefore, although the pact is not directed against China, China will, nevertheless, be seriously affected." (*Ta Kung Pao*).

In addition to these criticisms, the fear is also expressed in some quarters that, with the conclusion of the German-Japanese pact, German military advisers to the Chinese Government may be bound, in duty to their Government, to give away military information concerning China to the Japanese Government. The Chinese reaction to the German-Japanese agreement is not restricted only to press comments and individual opinion; the writer knows that not a few Chinese have already spontaneously decided not to purchase any more German goods in retaliation against an imagined German-Japanese military alliance.

Germany seems to realize very well that the agreement has awakened serious misgivings in China, and accordingly her diplomats were not slow in endeavoring to explain her position to the world in general and to China in particular. On the day following the official announcement of the anti-Communist pact by Berlin and Tokyo, the German Propaganda Minister, Dr. Paul Goebbels, read over the radio a declaration by Herr Adolf Hitler, announcing "that the accord clearly expresses the idea of a merely defensive action." Shortly after this, Col. Hermann Kriebel, German Consul-General in Shanghai, in a statement to the local press, declared that "I do not believe that Germany will do anything that would jeopardize her friendship with China and that Germany and Japan had not been bound by a military pact." A similar assurance was given to the Chinese Government by the German Ambassador to China, Dr. Oscar P. Trautmann. In an interview with the Chinese Ambassador to Germany, Dr. Cheng Tien-fang, Baron Constantin von Neurath, the German Foreign Minister, "emphasized that the pact was in no way directed against China, with which country Germany wished to maintain the very cordial relations now subsisting."

These declarations and statements do not seem to have achieved their purpose of dispelling the fears and suspicious from Chinese minds. The reason for their inefficacy is not far to seek: the assurances are too vague and do not seem to have taken into consideration the main drift of Chinese opinion and press comments. German officialdom is probably not well informed on the exact nature of the Chinese fears and suspicions. To successfully remove such misunderstanding on the part of the Chinese, Germany must give fuller and more pertinent explanations; shots fired at random are apt to miss the mark.

The Sian Revolt

BY C. Y. W. MENG 孟長泳

FOR the past weeks the whole nation has been in a state of uneasiness and tension, when Marshal Chang Hsueh-liang, generally known as the "Young Marshal," former warlord of Manchuria, and now commander of the North-Eastern Armies in the North-West of China, staged a revolt in Sian, the capital city of the Province of Shensi; and succeeded in detaining General Chiang Kai-shek and ten other high officials in that city. But what we like to discuss here is not the revolt itself, but rather, some of the foreign comments dealing with the revolt.

Will China Become a "Second Spain"?

First of all, of course, are the comments from the Japanese papers which, as we all know, often indulge themselves in disseminating many of the most alarming and sensational reports about the Chinese affairs, and many of them are devoid of any ground.

In Shanghai, the *Nippo*, one of the Japanese papers in Shanghai, in commenting on the situation, said that "seeing in the present clash a conflict between the right and the left factions in China, an aggravation of the trouble might lead to a situation similar to that existing in Spain for the last six months."

The *Mainichi*, another Japanese paper in Shanghai, also opined that "simultaneously, the rise of Red power is to be expected."

In Paris, believing that the mutiny of Chang Hsueh-liang is backed by the U.S.S.R., many newspapers suggest that the movement is probably the Soviet reply to the German-Japanese Pact directed against international Communism.

"Moscow's interference in the Far East is as great a danger for peace as it is in Spain," declares the Rightist *Le Matin*. "Chiang Hsueh-liang's attitude may quickly create a most difficult situation in the Far East," it continues, "especially if the Japanese military party should profit by the mutiny by obliging the Prime Minister Hirota to resign."

In Rome, interpreting the event as a new aspect of the activities of international communism, political quarters were alive with comment, and the newspapers printed the news from China on the front page under large headlines.

Events are "the result of communist agitation in the Far East," writes *Popolo di Roma*. The *Messagero* declares that for many months Chang Hsueh-liang has attempted, in co-operation with Moscow, to create an anti-Japanese front in China. "Chang Hsueh-liang is using money and arms that were undoubtedly given to him by the Soviets," affirms Signor Virginio Gayda, in *Voce d'Italia*. "Soviet activity has succeeded in creating in Shanghai a secret communist association, hoping to bring about a Chinese rising against the Japanese. Chang Hsueh-liang is not a communist, but communist support strengthens his forces against General Chiang Kai-shek. We consider these events as a new maneuver in Soviet policy. The same tendencies and the same methods are observable in both Spain and China."

In other words, in the opinion of foreign editors, the Sian Revolt is due to "Red Influence," "Backed by U.S.S.R.," etc. In their eyes it appears that China is going to be a "second Spain" in the Orient when the whole country will plunge itself into the most terrible and sanguinary warfare that has ever happened in the hisory of any nation in the world (more than half a million Spaniards were killed in six months); and where we actually see the participation of "foreign troops," "foreign military experts and officers," etc., of two opposing camps, who direct and help the Spanish to kill each other!

In fact, Spain is now actually a battlefield of another European War with the Russians supporting the Loyalists, and the German-Italians supporting the insurgents. It is not a revolution or a civil war in the true sense of the word, but it is rather another European War, the only difference from the last Great War being that the present War is not a "declared war," and that other big powers (Great Britain and France, etc.) are not yet involved.

A Nightmare Only!

But to think or to predict that the present Sian Revolt will lead to a similar situation, with possibly, Russia supporting the insurgents, and Japan and other anti-communist nations supporting the loyalists, is nothing more than a "nightmare." No officials—loyalists or insurgents—would indulge in participating in such "suicidal action." Nor would the other 450,000,000 Chinese permit the nation to meet a fate sunilar to that of Spain. We are very sure of this.

During these ten years of nationalist China, China has coped with many revolts of this kind—when discontented generals or militarists, taking advantage of the situation, attempted to stage revolts. But the Central Government had always succeeded in weathering the storm and in suppressing the revolts. Formerly, the suppression of the revolts had to be accomplished by the use of force. But, today, the suppression of revolts could be accomplished by simply mobilizing public opinion. We believe our foreign contemporaries know just as well as we do that every Chinese in all walks of life to-day is opposed to any civil war. So, whenever any civil war is brewing, a stream of urgent telegrams from all parts of the country is addressed to the insurgent leaders "advising" them not to make any disturbances in view of the national crisis; and politicians or "go-betweens" are at once on the job to effect an amicable settlement of the dispute. The settlement of the "Liang-Kwang" (Kwangtung and Kwangsi) and later the "Kwangsi issue" were accomplished without shedding a drop of blood, but entirely by the mobilization of Chinese public opinion, and the nation-wide opposition against any civil warfare. So neither side—though both were ready to fight—could fight, nor dare to fire the first shoot. The Chinese have confidence that what has been true in the past will be true in the present Sian Revolt.

Will China Sign a "Peace Treaty of Brest-Litovsk?"

To China's well-wishers, the outbreak of the Sian Revolt is much to be regretted. China's national reconstruction as well as her military preparations for resistance are only in their initial stage. Any occurrence of the civil war would have the very effect of spoiling China's good efforts, and of retarding her progress.

But to the "aggressor," "invaders," and to those who want "to fish in troubled waters," the outbreak of the Sian Revolt is a heaven-given chance. To them, it is a chance to sign a "Peace Treaty of Brest-Litovsk" with China!

Students of current events and history they will remember the signing of the "Peace Treaty of Brest-Litovsk" between Russia and Germany in 1918. A brief account of the then existing situation in Russia may not be out of place here.

By 1917, Russia had already been at war with Germany for three years when Russia was most exhausted, when the Russian troops refused to fight on the "front," and when the "Bolishevik Revolution" broke out at home. M. Lenin, the then leader of the communist party, was most anxious to conclude a peace with Germany, almost unconditionally. But the then foreign minister of the communist government agreed that Russia should wait until Germany had actually mobilized her forces and begun her attacks, and then Russia should sign the treaty of peace after a period of resistance, so as to lessen the danger of impending break-up of the Communist party within; to convince the Russian people that the government was forced to sign the peace; and to demonstrate to the world that the communists were not the "tools" of the German military party. The learned foreign minister also pointed out that though Russia was exhausted and could fight no longer, Germany was equally exhausted, pointing to the general labor strike in January in Germany, which also indicated the impending break-up of the German Empire. The same diplomat also agreed to adopt a policy of "peace, but without signing any treaty," etc.

But to all these, Lenin would not agree, pointing out that at the moment, to accomplish the revolution was the most important of all, and that the Soviets must make the revolution secure regardless of what price they might have to pay for it. So when Germany renewed the attack in February, 1918, the Central Committee, under Lenin's influence, signed the Peace Treaty of Brest-Litovsk. But this time, the Central Powers, demanded the acceptance of "far more severe terms," to which after further debate the Sovmarkom agreed, and the revised treaty was signed on March 3, 1918. In the meeting of the central political council, in answer to the question that in the event that Germany would further advance on Moscow, irrespective whether the Soviets had signed the Treaty or not, Lenin said that the Soviets "might flee eastward to form a 'Kusnetsh Republic,' and that what was wanted was unity, through which the Soviets could develop and extend the Kusnetch republic and to set up a return to Moscow," etc.

The aggressor and invaders think that China is almost in the same condition today as Russia was before. Internally, there is a revolution, and counter-revolutions. Externally, there is the Japanese aggression and invasion. To them, the Chinese leaders, as was the case with the Soviet leaders, might think that to put down the revolts and consolidate the revolution are matters of first importance. To them, at the present time when the Sian Revolt breaks out, the Chinese leaders would be more anxious than at any other time to have peace with Japan, and would be willing to sign a peace treaty with Japan at whatever price and on any terms which the Japanese might dictate. To them, by intensifying their aggression and military invasion of Suiyuan, the aggressor and invaders hope that China would be forced to sign a "Peace Treaty of Brest-Litovsk" with Japan!

That the Chinese have also anticipated that the aggressor and invaders would take such course of action could be seen by the report that the defence of Pailingmiao (which was recently captured by the Chinese from the invaders) had to be strengthened in view of the possible counter-attacks from the invaders as a result of the outbreak of the Sian Revolt. Indeed, reports from the North all tell us that "the invaders of Suiyuan are expected to launch a big counter-drive momentarily." (see *The China Press*, Dec. 17). Another report has it that "apparently taking advantage of the mutiny in Sian, Prince Teh, nominal leader of the Mongolian invaders, has arrived in Shangtu in North Chahar with "10 airplanes and a battalion of artillery force, preparing to launch an offensive." (See *Reuters'* report from Nanking, dated Dec. 16).

Another Fallacy!

But this is another fallacy committed by the aggressor and invaders. No Chinese leaders—loyalists or insurgents—would adopt such a line of action. Nor would the 450,000,000 Chinese permit them to do so. To resist the Japanese aggression is the determination of the 450,000,000 Chinese. The Chinese may fight among themselves, but their attitude towards Japan, and their determination to resist the aggression and invasion are just the same. China will resist the Japanese aggression and invasion, irrespective of what has happened in their country. China will not sign any peace Treaty of Brest-Litovsk with Japan, and China wants to fight. Japan should not dream about it, and Japan should not feel happy when the Sian Revolt breaks out! When the aggressor and invaders intensify their aggression and invasion of Chinese territory, the situation is sure to turn out to be a "blessing in disguise", to China in causing the Chinese leaders to forget all about their personal and political differences, but, instead, unite their arms to present a common front against the foreign aggression, rather than driving them to the direction of signing another humiliating agreement, such as the Peace Treaty of Brest-Litovsk.

Hands Off Chinese Domestic Affairs!

Thirdly, like the other revolts, the present Sian revolt is only and purely a Chinese domestic affair. Any interference with Chinese domestic affairs by any power will be considered as "most unfriendly" by the 450,000,000!

China has faced many critical periods before, but after a short period China will put her house in order. That explains why China has the longest living history—4,000 years. So the powers are requested to have more confidence in China and in China's ability to put her own house in order through her own efforts.

London is already wise enough to adopt a "wait-and-see" attitude towards the present situation. Robert Walton Moore, acting United States Secretary of State, has also announced that "the United States would continue to follow her policy of non-intervention in the affairs of other nations."

Lastly, we shall advise our contemporaries to be more careful when making their comments and in forming their opinions on Chinese affairs, and in comparing what has happened in China with what has happened in other countries. China has her own ways to settle the situation, and China will not commit the same "blunders" as committed by others in shaping her destiny!

Nanking, December 18, 1936.

How Chang Hsueh-liang Has Reverted to Type

(Editorial in the Japan Chronicle, Dec. 17)

The theory maintained in some quarters that Communist influence is behind the coup is untenable. It is not more than a few minutes ago since the Communists were said to have Chiang Kai-shek in their pocket, and though the ways of the Communists are doubtless dark and devious, it passes all understanding why they should seek, at this particular moment, to remove the strong man of China. If there was a Communist candidate to replace him then the theory might make sense. Certainly Chang Hsueh-liang isn't their nominee. The Young Marshal has been anti-Communist since he was old enough to think, and has proved it at least once, when the Soviet army marched down the old C.E.R. line. That is a good many years ago now, but it remains true that Chang stands to gain nothing but trouble by accepting Soviet assistance, while the Communists equally gain nothing by backing him. The coup is explainable only by the personal equation. Chang has reverted to type. He holds Chiang Kai-shek a prisoner for the purpose of ransom—for arms, money and the promise of power. His telegram denouncing the Central Government's policy, and calling for war on Japan can be dismissed from consideration. No-one would be more shocked than Chang Hsueh-liang if his telegram was taken seriously. Fortunately there is not the least possibility of that happening. But while this disposes of one aspect of the mutiny, and none of the factions he supposedly was relying on have moved to support him, it doesn't bring the release of the Generalissimo very much nearer. Estimates of the danger to Chiang Kai-shek vary. The rumors were thick yesterday, the last of them having it that the Generalissimo had been shot on Chang's receipt of the telegram depriving him of his official posts. This sounds unlikely, though the Young Marshal's drug wrecked brain makes it possible. At all events the Generalissimo was not shot out of hand, as first reports had it, and it would seem fairly obvious that shooting his prisoner is the last thing Chang will do if he wants to retain any hope at all of turning his coup to profit. With Chiang in his power, the Young Marshal is in a strong bargaining position. With Chiang dead, he can look forward only to the revenge of a shocked and saddened nation.

Chang Plotting With Wang, Says Moscow "Izvestia"

Marshal Chang Hsueh-liang's sensational *coup d'etat* at Sian during which he captured Generallissimo Chiang Kai-shek, is most likely to be connected with the intrigues of anti-Nanking groups, particularly supporters of Wang Ching-wei, former Chairman of the Executive Yuan, the *Izvestia*, official organ of the Soviet Government, declared in an article published in Moscow, Dec. 14.

The journal, emphasizing that this is most probably the correct version, recalls that Wang Ching-wei was expelled from China a year ago as a result of popular dissatisfaction with his policies.

Pointing out that Marshal Chang's action is detrimental, not only to the Nanking Government, but to the whole of China, the paper stated that the best that can be wished to China is a speedy and peaceful liquidation of the outbreak so obviously opposed to that great country.

Girl Who Attempted to Kill Yin Ju-keng Was Former Cabaret Dancer

The failure of the plot last month to murder Yin Ju-keng, head of the bogus government in East Hopei, and the subsequent execution of the would-be assassins are woven around one of the most interesting and complicated stories involving a former Shanghai cabaret dancer, two officers, an aged mother and a puppet head of a bogus regime.

According to the story circulated in Tientsin, the girl, who was a cabaret dancer in Shanghai, first knew Yin Ju-keng when the latter was assisting in the negotiations for the Sino-Japanese Truce in Shanghai in 1932. Yin was very much in love with the girl, but their romance was short-lived when Yin went north and the girl married a retired army officer.

The girl lived happily for a time with her husband in Shanghai. One day earlier in the year when she mentioned about her friendship with Yin to her husband he became deeply interested and urged that she try to assassinate the bogus head. Under the pretext that they had been divorced, which was publicly announced in the newspapers, the girl left the army officer, who gave her $70,000 cash as a separation settlement.

The girl went to Tientsin about two months ago and wrote a personal letter to Yin, who, upon hearing of her arrival in the north, immediately invited her to go to Tungchow, the seat of the bogus government. The old romance was re-kindled, but as Yin always slept in his office, which was heavily guarded, the girl could not find a good opportunity to kill him.

While she remained in Tungchow the girl struck up a new friendship with an officer by the name of Kuo who was one of the most trusted lieutenants of Yin. For nearly a month she went around with Kuo and persuaded him to help her in the plot to kill the puppet chief.

She told Kuo that he could never get any place in the world serving under the puppet head, whose days were numbered. She further tempted him by saying that they would both become national heroes should they succeed in killing Yin.

As a final inducement she offered to marry him and give him the $70,000 which she had received from her first husband. Kuo was impressed and they proceeded to Peiping to make final arrangements.

To assure Kuo that she was true, the girl went to her bank and wrote a personal check of $70,000 asking Kuo to give it to his mother in case anything happened to them.

Here the trouble started. When the mother learned of her son's intentions, she was strongly opposed to the plot. The woman was formerly an amah in Yin's home many years ago and it was through the kindness of Yin and Yin's parents that Kuo was able to be brought into the house to live and brought up and finally given a good job in Yin's bogus administration. She did not want to repay gratitude with ingratitude, and was determined to sacrifice her son to save Yin.

When Kuo and the returned to Tungchow the mother secretly informed Yin, who was then visiting in Peiping. Orders were immediately sent out for the arrest of the girl and the officer who were brought to Tientsin and, following a brief hearing, they were executed.

Dr. Alfred Sze Says Chinese People Wish to Promote Peace and Prosperity

The Chinese people ardently desire the type of good neighborliness, prosperity and non-aggression which President Roosevelt outlined during his recent address to the Inter-American Peace Conference at Buenos Aires, Dr. Alfred Sze, Chinese Ambassador to the United States, asserted during a speech before the Women's National Democratic Club in Washington, Dec. 18. "Although China has sought every possible way to bring about accord, she has not met with the full cooperation of Japan," Dr. Sze stated in referring to the Far East. "I am sure that should Japan manifest a firm desire to be a good neighbor, the Chinese Government and people would extend a hand of friendship and seek the co-operation of all nations interested in the Far East, including Japan, to promote peace and prosperity." The guidance of such leaders as Gen. Chiang Kai-shek has set China's feet "firmly on the path of national progress," Dr. Sze declared. "We are seeking not only the establishment of a national Government efficiently organized, operated and devoted to the welfare of the governned, but, in every way possible, we are attempting to advance the social, economic and cultural interests of our people."

Some Articles of Faith of the Japanese "Saviors"

BY M. G. SHIPPE

According to the theories of the German Nazis the so-called Aryan race is predestined to defend the civilization of Europe and European leadership in the world against the challenge of Jews, brown and yellow Asiatics and Negroes. The Germans, as the purest stock of the Aryan races—after they themselves have been purified under Nazi dictatorship and in concentration camps,—are set before the rest of the world. Theirs is now the mission to purify all European nationalities by persuasion and, if necessary, by force. Especially the Russians, Spaniards and Frenchmen are now selected for such treatment. "The white men are destined to rule the world"—Adolf Hitler once declared before his followers. By this he meant (according to his "Mein Kampf", the bible of all Nazidom), only those "white men" who are ready to follow the leadership of the new German saviors. Otherwise also white Aryan men and nations would be incapable even to rule their own countries.

Dr. Lueger, during the days of the Austrian Monarchy mayor of Vienna and founder of the violent anti-Semitic Christian Social Party, was once denounced by one of his ardent followers for having a Jewish private secretary. He proudly replied: "It is for *me* to decide who is a Jew!" Just so Hitler has the privilege of deciding who from among European peoples is in need of being purified and who is going to be the next one. He even may include the Japanese, who are of yellow and Asiatic stock, into the white Aryan camp of defenders of "European civilization."

But the Japanese militarists and Fascists have their own theory of predestination and they are just as convinced as the German Nazis of their destiny to rule other peoples. There is a sort of competition going on among the Fascist nations: The Japanese Fascists, arguing that the "day" of Europe—while speaking of Europe they mean especially the Anglo-Saxon nations—is gone, and Hitler and Mussolini both declaring that they are the leaders to defend European civilization and to uphold Europe's mission to rule the world. Communism, for instance, is, according to the German Nazis, both a Jewish and Asiatic creed, while in Japan it is described as a European plague. The followers of European Fascism should study the Japanese Fascist theories on the "inevitable decline of Europe and the decadence of Western civilization" and the mission of Japan as the only savior of Asia and the whole world!

Japan, Germany and Italy are not going to fight now against each other in order to find out whose predestination is supreme and the final one. On the contrary, they agree for the time being on special spheres of each one's leadership of mankind, as for instance Japan being foremost in the Pacific area, Germany in Europe, parts of Russia and Africa, and Italy in the Mediterranean and surrounding areas. In order to save the world from Communism they need new and powerful empires in those regions, and whoever is going to oppose that is, of course, "indirectly assisting the Communists" or misled by Jews.

In the following passages we relate some of the principal articles of faith of Japanese Fascism, as stated authoritatively by their own representatives of religious and cultural life in Japan as well as by their political and military leaders. They all prove that it is only by the Japanese destiny of their race and the predestination by their gods, that they are saving China, Asia, the whole Pacific area, and so forth, and so forth. . . .

A recent pronouncement of the Nippon Cultural Federation, as quoted by Nathaniel Peffer in an article of the *New York Times*, proclaims that

> "At the present time Japan may be taken as the sole country in the world which can behave naturally in accordance with the Universal Law or Way," and that other countries are 'destitute of the true center.'"

This theory of the predestination of Japan is taught at present by religious sects, in official text-books in the schools, and especially by the propaganda machinery of the Japanese Army. Tenrikyo, a leader of a powerful religious sect with eight million members throughout Japan, is the author of the following prayer:

> "To any corner of the earth I reach out to save,
> When Japan will be empowered with Holy Creed,
> She will pacify other peoples as she pleaseth.
> They have been called hitherto Japan and foreign lands;
> But hereafter there shall be naught but Japan."*

Widely quoted in Japan is an Imperial Rescript of Emperor Jimmu, said to be given on the occasion of the foundation of the Empire, 2,600 years ago: "We shall build Our Capital all over the world, and make the whole world Our Dominion." The *Army Reader*, a popular and widely circulated book on military matters, says: "This Rescript has been given to our race and our troops as an everlasting categorical imperative."

Professor Chikao Fujisawa writes in a recent standard book on *Japanese and Oriental Political Philosophy*:

> "Only the realization that the one and absolute sovereignty is vested in Heaven, and that, on behalf of the Heaven a certain nation shall be entrusted with the performance of this sovereignty for the benefit of all mankind, can pave the way to final world peace and international co-operation."

In a Japanese History School-Book it is said:

> "We are now solely responsible for the peace of the Pacific Ocean, and, together with Great Britain and America, are holding one of the most important positions in the world,"

Let us now quote one of the utterances of General Araki:

> "Our country is determined to propagate its national ideal throughout the seven seas, to extend and expand over the five continents, even if force has to be employed. We are the descendants of the Gods; and we reign over the world."

A pamphlet of the Press section of the Japanese Army issued on the eve of the arrival of Sir Frederick Leith-Ross in Japan states more concretely about the reign of Japan over Asia:

> "The human race, thanks to the fallacies of liberalism, is now paving its way to an all-round stalemate in civilization. And some nations, failing to appreciate this fact, are still bent only on promoting their own selfish ends in pursuance of imperialism and the expansionist policy of bygone days. They are thus the common foe of all mankind . . .
>
> "Asia is the home of the Asiatics, it is the "life-line" of the Asiatic races, but it is not a sphere of life-and-death importance for the European races. It follows, therefore, that there is no reason why we should leave the land to the exploitation of other races . . .
>
> "If China continues to depend on the European and American Powers to the detriment of Far Eastern peace and her own independence, Japan may be obliged, on broad considerations, to give China a lesson to hasten her awakening."

However, not only China but also other territories in Asia are in need of such "lessons" by the Japanese Army or Navy. After Japan has "pacified" China "as she pleaseth", the next turn shall be the push to the Pacific Islands, *viz.*, into the region of Straits Settlements, Malayan States, Dutch Indies and Philippines. Chuji Machida, when he was Minister of Commerce and Industry in 1935 wrote:

> "The Pacific Islands are of the greatest importance to Japan both from the economic and military point of view. Only when Japan has established close economic co-operation with Manchukuo, China and the Pacific Islands will her industries be able to develop without importing raw materials from the West. Then the Japanese nation can pursue a sufficiently powerful trade policy to force all other countries to abandon their present irrational commercial policies. Again, only by pushing southward can Japan claim the prominent place in world trade which is due to her."

Vice-Admiral Sankichi Hakahashi assisted him before a gathering of three hundred business men in Osaka on Jan. 23rd, 1936, stating: "Japan's economic advance abroad must be terminated in Manchukuo and must be directed southward with either Formosa or the mandated South Sea Islands as a foothold. In such a case the cruising radius of the Japanese Navy will have to be expanded suddenly as far as New Guinea, Borneo and Celebes."

Chonosuke Yada, chairman of Japanese Society in Simla states on the same question, pointing the Japanese way of destiny to the Dutch Indies and even to British India:

> "Japan must follow her policy of southward expansion with even greater enthusiasm. In the North, Japan must make a large outlay of capital for many years to come; but development in the South can be immediately productive . . . . It is highly questionable whether Holland can retain much longer her East Indian possessions, which are more than sixty times as large as her home land. It is uncertain, too, how long India will remain a British possession. If these facts are taken into consideration, it will be clear that Japan must make her way southward and make it at once, for there is no time to be lost."

These are some of the principal articles of faith of Japanese military Fascism, showing that they are as advanced and universal as these of the German Nazis with whom they are now combined in a Holy Alliance. The London *Times*, commenting on the German-Japanese alliance, was right in stating that while there is no honor there is still mutual admiration among thieves.

**This and all following quotations (except the statement of General Araki) are translated in "Far East in Ferment" by Guenther Stein, Tokyo (the author of "Made in Japan"); Methuen & Co., Ltd., London.*

Co Ching Chu to Represent China in Meteorological Conference

China will be represented by Co Ching-chu, director of the National Research Institute of Meteorolgy, at the second Far Eastern Meteorological Conference, which will be held at Phulien in Tongking, French Indo-China on Jan. 18, 1937. The conference will discuss the adminstrative system of meteorological societies in the Far East.

According to the National Research Institute of Meteorology, the Meteorological Society of China was organized 11 years ago, and has now more than 200 members. Co Ching-chu is concurrently chairman of the society.

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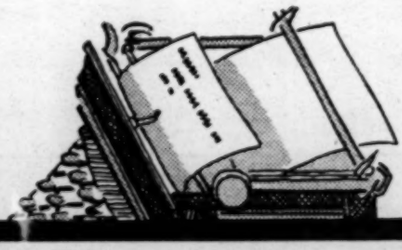

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Dr. H. H. Kung Explains Sian Revolt in Broadcast

Dr. H. H. Kung, Minister of Finance and Vice-President of the Executive Yuan, delivered a radio speech in English over station XGOA (Sassoon House, Shanghai) Dec. 17 on the Sian revolt. The speech was clearly heard in the United States and was re-broadcast from there to this country, transmitting conditions being ideal.

The following is the full text of the broadcast:

"Since the mutiny in Sian there has been widespread anxiety and concern among the friends of China. On behalf of the Chinese Government I want to avail myself of this opportunity to give expression to our appreciation for all the friendly interest they have taken and furthermore to state that General Chiang is in perfectly good health and that there is no reason for feeling concerned.

"The greatest obstacle to China's progress and unification in recent years has been internal strife. With a definite constructive program, the late leader, Dr. Sun Yat-sen set out to build up the Kuomintang and under its banner to unify the country. Since its establishment in Nanking, the National Government has under the leadership of General Chiang assisted by his able wife, weathered many a storm and built up a foundation for the country's political unification and economic reconstruction. Above all, through the New Life Movement there has been aroused a national consciousness which gives to the people a new spirit and new understanding of problems confronting the country. The recurrence of civil warfare was detested and economic reconstruction became the universal demand. The success achieved in this direction has already won support at home and admiration abroad. There are unmistakable signs of progress and political stability as had never been known before.

Just at this moment when the future looks the brightest and national unification is an accomplished fact it gives one a pain in the heart that the extraordinary development should have taken place in Sian, especially in view of the fact that on the Suiyuan border a number of China's patriotic sons are engaged in a serious conflict with the invaders. For a deflection of this kind cannot but have grave consequences on the future course of the country's development.

But regrettable as the incident be it gives the world an opportunity to attest anew the solidarity of the body politic of modern China. The government is relentless in dealing with the political offenders. For law and discipline must be upheld and the moral standard of the people must not be allowed to tarnish. Especially any attempt designed to disrupt the unity of the country has to be dealt with severely. For these reasons the government has taken immediate steps to cope with the situation. As it is befitting it has given an order for a punitive expedition in order that the revolt may be nipped in the bud. While we are all anxious that Gen. Chiang may be rescued and returned to safety at the earliest possible moment, our attitude is that the personal safety or movements of one man should not be allowed to interfere with the normal conduct of the government. In domestic affairs as well as in foreign relations, the policy already formulated by Gen. Chiang as President of the Executive Yuan shall remain unchanged and unaffected. The campaign on the Suiyuan border will be pursued with unabating vigor and the determined program of economic reconstruction will be pushed forwarded without hindrance. The Government will discharge its normal functions as usual and no effort will be spared to preserve peace and order throughout the country.

"One fact which the developments of the last few days have borne out is significant. That is, impressive as the nationwide anxiety and concern over Gen. Chiang's personal safety is, moreso is the rallying of the local authorities and people throughout the land to the support of the Central authorities in this hour of tribulation and trial. The country has risen to the occasion and the people are as one man behind the National Government, displaying a unity hitherto unseen in this country. This has given the government confidence and is a most gratifying sign of the time. So it is that, while indignant over the perfidy of Chang Hsueh-liang, the entire country has remained calm in the confidence that the government will soon solve the situation. So long as such unity and confidence exsist we are certain that the country will emerge out of the present crisis stronger than ever before."

Australian Says Wrong Conception of China Is Due to Inadequate Publicity

Primarily owing to China's inadequate international publicity, the conception of the average Australian of this country is still that of a few decades ago, according to W. M. Garay, head of the Asiatic Section of the International Relations Society of Australia who was a visitor in Nanking last week. Such a misleading conception, in the opinion of Mr. Garay, needs immediate correction. He promised to tell his people of the progress in China in recent years. Mr. Garay, who is on a mission to promote Sino-Australian relations, is arranging for an exchange of professors and scholars, goodwill visits, and publicity.

New Japanese Liquor-Tax Bill Exempts Exports

Details of a liquor-tax bill to be submitted to the coming session of the Diet were decided on at a recent conference in the Tokyo Finance Ministry. The measure will unify previous laws pertaining to liquor taxes and a complete system of licenses for those engaged in the sale of alcholic beverages will be instituted. Among the provisions will be the abolition of the present tax rebate on liquor that is exported. Total exemption for this class of output will replace it. Also, the transfer of liquor from the place of manufacture will be prohibited except when it goes to a warehouse belonging to the same firm and located in the same revenue district.

A Proletarian Who Sacrificed His Wife for Politics

Hard pressed to obtain the Yen 200 necessary to post his candidate's bond so that he could run for the city council from Omori Ward, Hiroshi Watanabe, 27, secretary of the Social Masses Party, "sold" his wife to a Yamanashi Prefecture establishment to obtain the money, the *Yomiuri* says. It has since developed that the place is a brothel and efforts are being made to obtain her release. The supposed inn agreed to employ Mrs. Watanabe for five years, making an advance payment of Yen 200 on her wages. With the money, the husband entered the campaign and was elected the youngest member of the council. Although the proletarian says he does not regret his action from the moral standpoint, his party colleagues have collected Yen 170 with which to redeem the wife. Mr. Watanabe expects to go to Yamanashi on Tuesday to get her. Although her release was demanded previously, the brothel keeper refused to let her go until Dec. 15. The *Yomiuri* asserted that another woman also claims to be the wife of the party secretary, although Mrs. Watanabe denies that it is true. The other woman is said to be in Fukushima at present, awaiting the birth of a child. Mr. Watanabe has been connected with the Social Masses Party since 1929.

Military Parade Again to Be Held in Tokyo Palace Plaza

Resuming a tradition interrupted in 1921, when militarism reached a low ebb in Japan, the Emperor will hold his first Army review on the Imperial Palace plaza facing the main entrance to Chiyoda castle on January 8. For the last 16 years the parade has been held on the Yoyogi Parade grounds on the outskirts of the capital.

Japan-Australia Trade Talks Again Deadlocked

Negotiations for the readjustment of Australian-Japanese commercial relations came to an impasse Dec. 18 over the question of Nipponese cotton textiles to be admitted into the Dominion, Kuramatsu Murai, Consul-General in Sydney, reported to the Gaimusho Dec. 20. Unable to reach agreement, Mr. Murai reported that he would immediately suspend negotiations with Sir Henry S. Gullett, Minister for Trade and Customs, in Canberra and return to Sydney. While both parties agreed that Japan would purchase 800,000 bales of Australian wool by June 30, 1938, they differed widely on the exports of Japanese cotton cloth to the Commonwealth.

M.B.K. Capital to Increase Capital to Promote Oil Business

Shareholders of the Mitsui Bussan Kaisha, Dec. 18 decided to raise the firm's capitalization from Yen 50,000,000 to Yen 150,000,000. The new funds will be used for the establishment of an experimental plant for the liquefaction of coal in Miike, Kyushu; for the storage of oil for foreign petroleum concerns, and for a general expansion in business.

Japanese Enjoy Shipping Boom as Result of Strike and European War Scare

An unexpected boom has been brought to Japanese shipping as the result of three forces, namely, the American longshoremen's strike; the European war scare and the improved business relations between Manchukuo and Germany. Freight rates for Manchurian soya beans in January have been set at £1.16.6 a ton against last year's high of about £1.6.0. Shipping circles in Japan estimate that about 1,500,000 tons have been tied up by the strike along the American seaboard.

Advices from Tokyo state that fears of war are causing Britain and other European states to buy about twice as much wheat as in an average year, mostly from Australia and South America.

Japanese Payments Abroad Expected to Show Decrease

Japanese payments abroad for the current fiscal year ending on March 31, 1937, will amount to about Yen 280,000,000, a decrease of about Yen 68,000,000 from last year, the Ministry of Finance estimated Dec. 19.

Toy-Making Becoming Major Industry in Japan

Five-hundred varieties of toys made by farmers in their spare time were exported abroad in 1935 to the merry tune of Yen 33,850,000, the Tokyo Ministry of Commerce and Industry revealed Dec. 20. Villages in the neighborhood of large cities, according to a high official of the Ministry, have, with the approach of holidays, made toy-making their major occupation. Especial favor, he added, is being bestowed by modern children upon toys declorated with cartoons and mechanical toys.

Japanese Exporters Optimistic—Flurry After Sian Revolt Subsides

Recovering from a flurry of excitement caused by the first reports of the Sian coup d'etat, Japanese exporters express optimism regarding the possible effects of the rebellion on Nipponese trade with China. With the exception of a few requests to halt shipments received from firms in Tientsin, no direct reaction to the outbreak was reported at an emergency meeting of the East Asiatic Exporters' Guild in Osaka called to reply to a questionnaire prepared by the Ministry of Commerce and Industry, Dec. 17.

Six Japanese Business Officials Jailed for Violating Commercial Code

Six high officials of the Toa Shokusan Kaisha, or the East Asia Development Company, were put behind the bars of the Ichigaya Prison Dec. 18 on charges of violating the provisions of the Commercial Code and breaking trust. The men were summoned to the Metropolitan Police Board for examination on a suspicion of embezzlement. As some of the charges brought against them were proved, the businessmen were arrested. The detained men included: Shunkichi Minobe, Chairman of the Board of Directors; Masayoshi Sakai, former managing director; Takezo Shiba, an official of the concern; and Nagatomo Sugano, Hideyoshi Kohno and Bunjuro Hagihara, directors.

Former Geisha Sentenced to Six-Years Imprisonment

Sentencing Sada Abe, 32-year-old former geisha, to six years of hard labor, Judge Keijiro Hosova of the Tokyo District Court, Dec. 21 brought to an end the public phases of the most sensational "crime passionel" in Japanese judicial annals. Sada pleaded guilty to strangling to death with a belt her lover, Kichizo Ishida, and subsequently mutilating his body on May 18 after a week of debauch in a Tokyo roadhouse.

Next Japanese Diet Will Get Bill to Assist Mothers

Seventeen years after the measure was first formulated, a bill for the protection of mothers and dependent children will be introduced into the coming session of the Diet, the *Jiji* reports. Pending its passage, the Finance Ministry has included a sum of Yen 535,000 in the next budget for enforcing its provisions. The object of the legislation is to provide support for mothers whose husbands are dead, divorced, missing, held by the police, ill, unemployed or disabled. By this means it is hoped to prevent the crimes that mothers commit to support their children, as well as mother-and-child suicides and the abandonment of babies.

Arita Confident Japan Will Be Cleared of Suspicion in Suiyuan

Japan will be "eventually cleared" of the suspicion of having assisted the abortive invasion of Suiyuan by Mongol and Manchukuo irregulars, in the opinion of Foreign Minister Hachiro Arita. Time will clarify Japan's connections with the situation in Suiyuan and dispel misgivings abroad, he is reported to have told Mr. Ando, chairman of the baord of stewards of the Seiyukai in a 1½ hour interview in Tokyo Dec. 9.

If Fishery Treaty With Soviets Not Signed, Japanese Cabinet to Resign?

The *Yomiuri* says that in the event of the new Soviet-Japanese Fishery Treaty not being signed the Government will have to resign. A section of the Privy Councillors, it says, are particularly vehement in attacking Mr. Arita, the Foreign Minister, for the maladroit manner in which he has handled this important issue. They hold that Japanese fishery rights in the Northern seas are so important that they must by all means be maintained. This ought to have counselled particuiar care to the Government in going about the business of getting the new Fishery Treaty signed. Unfortunately, the Government showed a grievous lack of prudence in allowing the new Japan-German Agreement to cause a serious hitch in Moscow's signature to the new Fishery Treaty, the *Yomiuri* added.

Konoye Made Head of Sino-Japan Cultural Body

Prince Fumimaro Konye, President of the Upper House, Dec. 20 succeeded Count Nobuaki Makino as President of the East Asia Cultural Society, devoted to strengthening Sino-Japanese cultural ties. In assuming his post, Prince Konoye expressed his hope for the promotion of amicable relations between Japan and China through co-operation between the Governments and the people of both nations.

102,868 Persons in China Entitled to Japanese Protection

It was announced in Tokyo Dec. 10 that 102,868 persons were subjected to Japanese jurisdiction in China. Those entitled to Japanese protection in various parts of China were distributed as follows: Tientsin, 18,587; Kalgan, 471; Chefoo, 710; Tsingtao, 16,528; Tsinan, 3,025; Shanghai 26,222; Soochow, 71; Hangchow, 52; Nanking 396, Wuhu, 44, Kiukiang, 66; Hankow, 1,830; Chenchow, 21; Changsha, 93; Shasi, 9; Ichang, 83; Chungking 39; Foochow 2,417; Swatow, 755; Amoy, 10,734; Canton 648; Yunnan 47.

For schedules refer to inside back cover of this magazine.

Japan Obtains Salt From Nearby Sources

Within several years Japan hopes to replace its imports of industrial salt from Europe with supplies from Manchukuo and North China, the *Nichi Nichi* reports. The nation now imports about 1,2000,000 tons of salt annually, consisting of about 700,000 tons from Egypt and other countries bordering the Mediterranean Sea, about 200,000 tons from Tsingtao, Shantung Province, China, about 200,000 tons from the Kwantung Leased Territory, and the remainder from Formosa, North China and other sources. As the chemical industry progresses, demands for industrial salt increase, and the Japanese have been diligently seeking permanent sources of supply in large amounts, taking into consideration the importance of the material from both defense and industrial points of view.

Japanese army authorities and industrialists, who are expecting a great deal from Changlu salt in North China, are reported to have formulated a plan for increasing the production of this salt to supply Japan liberally. Large-scale production of the salt is secretly planned, in line with the progress of economic development of North China by the Kochu Koshi and other Japanese companies. The present yearly production of Changlu salt at the mouth of the Peiho River, which flows into the Gulf of Pehai, is about 350,000 tons, of which 300,000 tons is usually consumed locally. Due to lack of proper mediums for overseas shipments, an annual surplus of about 50,000 tons has been accumulated there for many years. The surplus has now reached about 500,000 tons. The East Hopei Anti-Communist Autonomous Government at Tungchow, Hupei, supervises production.

Through efforts of "Government" and Japanese army authorities in Tientsin, about 70,000 tons of this surplus salt will be exported to Japan early next year and 130,000 tons more will be shipped during the rest of the year. The remaining 300,000 tons also will be gradually exported to Japan, where the salt will be used as material for chemical products.

In connection with the progress of shipment, the Kochu Koshi, in concert with the Japanese army garrison authorities, are contemplating an increase in the production of Changlu salt through cultivation of the salt fields covering an area of 25,000 acres, near the mouth of the river, thereby realizing a yearly output of 500,000 tons. Salt thus produced will be exclusively supplied to Japan. This amount, plus the yearly surplus of 50,000 tons makes a total of 550,000 tons. In the meantime, the production will be further increased, so that Japan expects to eliminate the importation of 700,000 tons of salt from Egypt and other Mediterranean countries. Furthermore, salt production in the Kwantung Leased Territory next year is expected to increase by 100,000 tons to 300,000 tons. Thus the prevailing uncertainty concerning the acquisition of material salt is expected to be dispelled within the next few years.

Demented Brazilian Kills 16 Japanese Out of Revenge

Swift, thorough vengeance was wrought by a Brazilian laborer in the Monte Aprazivel district Dec. 18 against Japanese colonists after one of the latter is alleged to have cut off a hand of the Brazilian's ten-year-old old son because the lad stole apples from his orchard. The boy succumbed to his injuries upon reaching home, whereupon the father, now demented, seized a rifle and took up a vantage point on the high road, determined to kill every Japanese passer-by.

He killed sixteen Japanese, including the sons of the mutilator, before the police arrived. News of the tragedy spread like wildfire throughout the country, greatly stirring the population. Precautionary measures have been taken by the Brazilian authorities to prevent any incidents involving Japanese colonists or their property in the Sao Paolo region.

Imitation Gold Is Manufactured by Japanese Alchemist

Alchemy took a new lease on life this week, when Professor Tsutomu Kase, of the Sendai Imperial University, announced that he has successfully manufactured imitation gold, costing only one-thousandth of the price of gold, but "just as beautiful, useful and real" as the precious metal. Professor Kase's invention is an alloy of copper and aluminum. However, he did not disclose the formula. The Tokyo Ministry of Commerce and Industry, interested in the commercial possibilities of the invention, has already experimentally produced cuff-links, spoons, forks and buckles out of the metal.

Gen. Ho Cheng-chun Appeals for Release of Chiang

BY S. Y. CHI (季世英)

HAVING adopted emergency measures to deal with the situation arising from Chang Hsueh-liang's *coup d'etat* at Sian, Gen. Ho Cheng-chun, newly-appointed Director of the Provisional Headquarters of the Chairman of the Military Affairs Commission in Wuhan, acting under instructions from Nanking, announced, on Dec. 13, the immediate establishment of the said Generalissimo's Provisional Headquarters at Hankow in consideration of the fact that Wuhan is so important a strategic place that the maintenance of peace and order must be strictly preserved at all costs. In the meantime, martial law has been put into force on instructions of the Garrison Commander and, so far, everything is progressing peacefully.

Being a native of Hupeh, Gen. Ho is now in his fifties and is still healthy and strong. Among the many important offices which he held before may be mentioned the following:—Commander-in-Chief of the Left Wing of the Northern Expeditionary Army in 1924; Director of the Peace Maintenance Bureau in Hupeh in 1926; Adviser to the National Revolutionary Army Headquarters of Nanking and member of the Military Council in 1927; Chairman of the National Military Advisory Council of the National Government, 1928; Commander-in-Chief of the 5th Route Army of the Bandit Suppression Forces, 1929; Chairman of the Hupeh Provincial Government and concurrently Commander of the 3rd Unit of the Bandit Suppression Army in 1930; and Pacification Commissioner for Hupeh since 1931. He was appointed Director of the Generalissimo's Wuhan Provisional Headquarters on Dec. 1, 1936. He is also State Councillor of the National Government and member of the Central Executive Committee of the Kuomintang.

Gen. Ho Cheng-chun

Pending a full-fleged organization, the presently organized Headquarters was inaugurated for emergency purposes. According to previous report, the Generalissimo's new Wuhan Provisional Headquarters is to be organized with a Director, a Deputy Director and a Chief of Staff, under whose control are instituted the following eight departments, namely: the Secretariat, the General Staff, the General Affairs, Communications, the Transportation, the Medical Service, the Business and the Political Training Departments. The staff of the first three departments are to be employed from among the members of the former Generalissimo's Wuchang Provisional Headquarters and of the Hupeh Pacification Commissioner's Headquarters, while the latter five departments will be filled by the personnel shifted from the various organs directly controlled by the Military Affairs Commission.

Shocked by the astounding report of the Sian coup, the whole nation, military as well as civil, rose in one body to raise its bitter condemnation of Young Chang's rebellion and to swear hearty support to the Central Government and abide by the decisions to launch a punitive expedition against the rebels so as to quell the revolt and to maintain the national solidarity. Upon hearing of the revolt in Sian, Gen. Ho Cheng-chun immediately despatched a telegram to the Central Party Headquarters, the National Government, the Military Affairs Commission, and the various ministries and commissions, stating: "After telegrams from the Lunghai Railway and Nanking have informed us that Chang Hsueh-liang has rebelled against the Central Government, detained the Generalissimo, and joined with the Communist-bandits to demand the overthrow of the National Government, we are filled with inexpressible indignation. Chang Hsueh-liang has received many favors from the nation in the past, yet he now takes this unwarrantable step which threatens to seal the fate of China. It is a crime that will surely call forth the wrath of both the gods and man. Fortunately, the Central authorities have made a quick decision to deal with the emergency and have decided upon four measures, thereby depriving him of all his posts and subjecting him to the punishment of the Military Affairs Commission. These steps will strike terror into his heart and encourage the whole country. Being soldiers we respectfully await the orders of the Government and are determined not to live with the rebel under the same sky. We shall whole-heartedly support the fixed national policy of the Central Government in order to save the country and the race from perdition."

In another telegram to Gen. Ho Ying-ching, Minister of War, Gen. Ho said: "The decisions made at the joint conference of the Central Standing Committee and the Central Political Council for coping with Chang Hsueh-liang's Sian coup have placed you in the highest command of the national troops. We all are gratified at the appointment. Before Generalissimo Chiang is out of danger, I pledge my hearty loyalty to your commands in order to cope with the critical situation."

As a last step to avert calamity, Gen. Ho Cheng-chun, despatched a personal telegram to Chang Hsueh-liang, advising him to terminate his subversive conspiracy, to repent in time, and to release General Chiang Kai-shek at once, so that the whole nation could be saved from being driven into pitfalls. In reply, it was learned, Chang Hsueh-liang and Yang Hu-cheng stated that the Generalissimo has been quite safe at Sian and requested Gen. Ho to go there for an interview. However, Gen. Ho replied, urging them to change their mind and abandon their plan at a moment's decision, and first to release the Generalissimo and to protect his return before he could fly to Sian to meet them. (For sake of space, the two well written and earnestly worded telegrams are unavoidably omitted.—Ed.)

In its Dec. 15 editorial, the *Hankow Herald*, re the Sian rebellion, commented: "At the present moment, when China is facing a serious national crisis, it is obvious that the whole nation should obey the Central Government so that a united front may be presented against foreign invasion. As for General Chiang Kai-shek, he is recognized by the whole world as China's greatest leader. General Chiang is both a military genius and an able statesman. While three or four years ago there were still many people inclined to criticize and oppose him, now there can hardly be found any fair-minded Chinese citizen who doubts his patriotism. His untiring efforts and concrete achievements have won the affection of the entire Chinese nation and the respect of the foreign peoples. That anybody is justified in planning to overthrow him is something absolutely unbelievable."

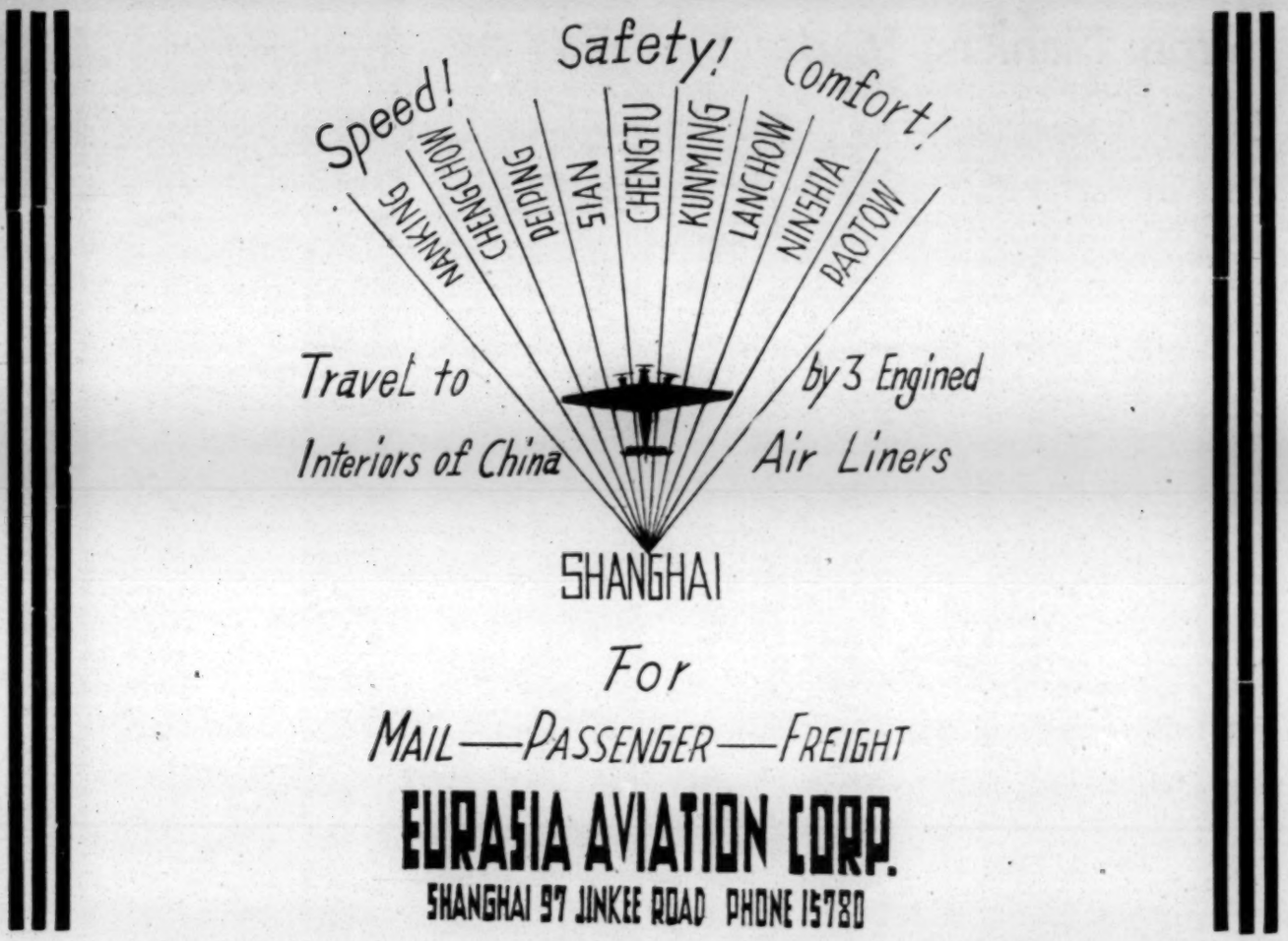
Hankow, Dec. 21, 1936.

Foreigners and the Income-Tax

BY CHU CHEH

THE Provisional Income-Tax Law was promulgated on July 21, 1936 and the second part, relative to tax on salaries, has been enforced since October 1. Among the shortcomings of the new law may be mentioned the fact that in not applying it to owners of real-estate in the cities it goes against the principle of equity, and at the same times leaves a rich source of revenues untapped. However, whatever defects there may be in it, its effective enforcement is largely contingent upon the consent of foreigners to pay the tax. It is common international practice for all people resident in a country to pay all the taxes of that country, but the matter is complicated in China because of Settlements and Concessions, and involves the principle of autonomy in taxation and finance, which it is the right of China to have. With the exception of Norway, Sweden and Holland, none of the nations have instructed their nationals to pay the tax.

Taxes are payable by the citizens of a nation, but it is inequitable to require them to pay while foreigners residing in their country doing business, possessing investments in property, and pursuing professions or vocations at will, are exempt. On the other hand, it is equally inequitable to require nationals residing abroad to pay the taxes of their fatherland. For these reasons tax laws in modern States are divided into two main classes—those generally applicable and those applicable on limited conditions. The former class apply to all persons irrespective of nationality, while the latter apply to foreigners whose incomes are derived from real estate, business, professional or vocational pursuits, or capital investment. The latter class is applicable to foreigners or nationals who derive incomes from a country but are not residing therein. For instance, the German income-tax law promulgated in 1925 requires taxes to be paid on incomes from agriculture or forestry, from trading irrespective of the principal's domicile, from rents on real estate, from pursuit of professions, from loans, from bonds and stock dividends, and from pensions. Income-tax is levied upon German citizens, upon foreigners residing in Germany, and upon any who derive part or whole of their income from Germany, though having their domicile elsewhere. Great Britain collects income-tax on the principle of "taxation at source" so the banks, when paying interest on foreign bonds, always deduct income-tax, whether or not the recipients are resident in the country or not. However, in order to keep the goodwill of the world and maintain the position of London as being the international financial centre, the tax on interest on bonds issued by foreign or colonial Governments is refunded to recipients who are not resident in England. The U.S.A. collects income-tax even on profits paid through American banks by companies operating outside of America; but exemption is made when it is proved that more than 50% of such profits are made outside the U.S.A. No tax is collected on interest on Government bonds, and where there is a reciprocal agreement with a foreign nation, American citizens having paid income-tax



in that particular country may have taxes on their income from America reduced proportionately.

France collects income-tax from all who have their domicile in France, and from those who do not permanently but intermittently reside in France, only taxes on income derived from France are collected. All this shows that foreign nation do collect income-tax from alien residents, and it is indeed regrettable that France should have refused to recognize China's right to collect income-tax from her citizens resident in this country simply because there is no such provision in the unequal treaty between France and China. France took the conditions of the 1858 Sino-French Tientsin Treaty and Sino-French Commercial Pact as providing sufficient ground for refusal, unmindful of the fact that the Tientsin Treaty was subject to revision after twelve years, and that since December 23, 1928 the article relative to the tariff has not been effective. In article 23 of the Tientsin Treaty, it was provided that, with the exception of gold, silver, foreign money and luggage, all other goods shipped into the interior were subject to transit dues of 2½% ad valorem. This article also is no longer in force, and so it is not reasonable to say that because of this treaty French citizens can refuse to pay taxes, imposed by the Government of China.

If the question of extraterritoriality is raised, it is hardly necessary to point out that this refers to judiciary matters only; it is an entirely different matter from French citizens paying income-tax, which is an economic question. There is no clause in article 39 of the Tientsin Treaty to bind China against collecting taxes, and though foreign nationals refuse to pay local taxes on the ground of extraterritoriality, France is the first country to resist a Chinese national tax on this pretext. We may point out on the question of principle there is no ground for foreign nationals to refuse paying income-tax; foreign nations collect such taxes from alien residents as a matter of course; there is no condition restricting China from collecting national taxes from foreign nationals; now that China has gained tariff autonomy, there is no room for refusal on this pretext; while extra-territoriality is a matter of judicial administration, having nothing to do with the question of taxes.

Every effort should be made to induce foreign nations by diplomatic means to come into line, and no pressure of any nature should be applied until all other means are exhausted and have ended in failure. Negotiations with foreign nations should be conducted with each country separately, and when we have suceeded in getting most of the nations into line, there need be no concern regarding the rest.

In the collection of income-tax on salaries, for instance, a start can be made among the Civil Service, and as there are many foreign nationals in the employ of the Government, they should be discharged if they refuse to pay the tax. There should be no difficulty in collecting tax on income from shares or stocks by resorting to "taxation at sources." Collection should be made from all foreign nationals residing in non-treaty ports, and in the Concessions where some foreigners have the talisman of extraterritoriality for their protection, steps should be taken to collect from nationals of such countries as Germany, Austria, and Soviet Russia. Since both Great Britain and the U.S. have agreed in principle to recognizing the tax, there should be no insurmountable obstacles in the complete enforcement of the law. The application of this law to foreign nationals is an acid test of China's tax autonomy and also a test whether or not China is really an independent modern State. Both Government and people should try to live up to the highest principles of a modern State. The Ministry of Foreign Affairs should not be discouraged by early disappointments for we believe we have the right as a nation to have complete freedom of action in matters of taxation, a right that every modern State has and exercises.—*Translated from "Eastern Miscellany."*

Japan Not to Seek Shipbuilding Equality With U.S. and Britain

Japan has no intention of entering into a shipbuilding race with other naval powers after the Washington and London Naval Treaties are allowed to lapse, Admiral Mineo Osumi, Navy Minister, will assert in the Diet. A decision to advise the Navy Minister to make such a statement in the forthcoming parliamentary session was understood to have been reached at a meeting between Vice-Admiral Yamamoto, vice-minister, and Rear-Admiral Soemu Toyoda, director of the Naval Affairs Bureau, in Tokyo, Dec. 21. The declaration is likely to be made during the debate on the Yen 680,000,000 draft naval appropriations asked by the Navy for the next fiscal year.

Admiral Nagano, it was learned by *Domei*, will reaffirm that the basic principles of Japan's Naval policy lie in "non-menace" and "non-aggression" and that while naval armaments are relative, ton-for-ton parity will not be sought with Britain and the United States.

From Nanking to Berlin

BY HSIAO TSO-LIANG (蕭作梁) *

ON January 27, 1936, I arrived in Berlin after a voyage of five weeks from Nanking, whence I started on the evening of December 22 last. It was on the Christmas Eve that I left Shanghai on board the German liner "Potsdam."

Personally I could not bear to leave Nanking, because Nanking, as the capital of China, is now exerting itself to tide over the troubled waters in which the ship of the country is being piloted. When I was in Shanghai, students were seen staging a demonstration with respect to the crisis in North China. Whether right or wrong, they worthily represent the potential strength of the nation.

The journey from Shanghai to Hongkong took two days. The sea was a little rough and I got slightly indisposed. Hongkong is indeed a beautiful island, standing gracefully on the sea. On the slopes of the mountain a funicular tramway leads to the Peak from where a picturesque panorama can be had. It was in the year 1842 that the island was sliced off as a result of China's defeat for the first time by Westerners.

From Hongkong to Manila the sea was as rough as before Hongkong. Manila is now the capital of the Philippine Commonwealth with Quezon as the president. Ten years later the Philippines will be given complete independence, yet speculation is rife as to the advisability of the American policy in this regard in view of the Japanese ambition in the Pacific. Manila is an important naval base of the United States in the Far East and she has to retain it for strategic purposes.

There are many things in Manila reminiscent of Spanish traditions. Even the streets and avenues mostly bear Spanish names. The statue of Rizal stands outside the ruined Spanish city wall, leaving upon the passers-by a deep impression of the good old days of the Philippine heroes. Most striking is the Chinese cemetery where thousands of altars built with colored concrete in the form of a house suggest a sense of solemnity by virtue of their perfection of architecture. There are some 100,000 Chinese residing in the Islands. As a great part of the population, they ought to have the full right to speak, but I do not know why they have not.

When the Pacific Was Really Pacific

After Manila waves did not stir; the Pacific became really pacific. I spent my New-Year's Day in Singapore where I found myself as if in China. People from Kwangtung and Fukien amount approximately to 300,000 and play a dominant role in the business of the port. All the streets and stores are akin to those in China and those who first come from China without having been told the position of the place would doubt that they were in the domain of a foreign country. I had the impression that most of the colonies in the south seas would turn Chinese, in case a plebiscite be held under the auspices of Geneva. In fact, however, they all belong to foreign countries and our compatriots there have admittedly been maltreated in one way or another. This is a problem of national strength and only China herself can solve it.

Singapore is a great naval base of England and, to my mind, not a good place for sightseeing. I am not a strategist, so I do not know how much the Japanese dislike it. I only know that it is too hot (on the equator) and that there are not many things worth a visit. Personally I like the museum better than the zoo, the Botanical Garden or the public pleasure ground Great World, as it contains a fine collection of tropical products. I especially like the Chinese restaurant "Nan Tien," which provided me a lavish luncheon of Chinese food at a time when I had begun to get tired of Western meals. The food was of Canton flavor and actually not so very tasteful to me as a man from the Upper Yangtse valley. I flatter myself that Chinese cooking must be hundreds of years ahead of the Western and that some fried vegetables with capsicum as daily eaten in Hunan and Szechuen must be the last word of cookery.

Penang is noted for its scenery. I spent a whole day there on January 4 and that was worth my while indeed. I took a drive along the coast road, passing through magnificent avenues and Malay huts at the hillside. I went up the Penang Hills by the funicular railway, about 2,400 feet high above sea level, from where views of the port rivalled those on the Hongkong Peak. The waterfall gardens in the woody hills and the monastery at Ayer Itam with a pond of sacred turtles, were also beautiful places to visit. Most interesting is the Snake Temple in which many snakes were seen tamely coiling round the carvings and on the wall, deified and offered sacrifices by the inhabitants. This proves to me the practice of snake worship, so often heard of as prevailing in India. Penang is the first English settlement in Malaya as ceded to the East India Company in 1786. There are quite a number of Chinese residents in the town.

About an hour away by train from Belawan on the northern coast of Sumatra is the garden city of Medan where live also a large group of Chinese compatriots. From there westward, few Chinese people can be found and thus when we arrived in Colombo the natives looked at us with much curiosity.

Colombo, like Singapore, has a museum, a zoo and also good coast scenery from Mount Lavinia. But, unlike Singapore, it has few Chinese nationals and its streets are full of poor people who beg money from visitors and give them an unfavorable impression. In the city one sees attractive bazaars, Hindu temples, waving palms, big flowering trees, and various souvenirs made of ivory. All these have in them Oriental beauty and cannot fail to appeal to visitors.

After leaving Colombo, one has a time of more than a week on the sea before he reaches the town of Suez. This is the longest distance between one port and another on the journey and one has a much time to fancy the thousand and one nights in Arabia.

When on the Red Sea and the Suez Canal, I did not hear the sound of bullets in Abyssinia and at the same time I did not get a single item of news concerning China. It was not until my arrival in Port Said at the mouth of the Mediteranean that an Italian boat was seen carrying troops southward. It occurred to me incidentally that things might have happened in North China where the political vacuum had long been fraught with dangerous possibilities. I had sympathy with the Negus and felt ashamed of myself.

Port Said is a place where Orientals and Occidentals mingle. There are Europeans and buildings in European style and there are also *indigenes* like those in Colombo. Egyptian and Arab women are seen in the streets scantily clad and veiling their faces up to the eyes with thin black gauzes. They are patient creatures, preserving good humor in joyless circumstances. It is also noticeable that Port Said is the place where one has the last chance to see Oriental customs on his journey from Shanghai to Europe by the sea route. Beyond there, one steps into the European domain and sees everywhere Western modes of living.

It was interesting to note that my steamer did not stop at Genoa as previously. It was said to be the result of the application of sanctions against Italy under the auspices of the League of Nations, but I do not believe it.

Between Corsica and Marseilles the sea was awfully rough and I was again taken seasick. I did not land at Marseilles, but I proceeded on my voyage by way of the Atlantic. At sunset of the 19th January I reached Barcelona, where I had an enjoyable stay till the next noon.

Scientific Development at Barcelona

At Barcelona one would first be struck by the material achievement of Western civilization as a consequence of scientific development. The magnificent city planning, the busy streets, the grandiose buildings, the lofty cathedrals and what not are all impressive. From Montjuich a panoramic view of the city can be obtained, especially in the sparkling light of the night. The bullfight in Spain is known all over the world and in Barcelona one has the chance to see what it is like.

In Barcelona one can also see many nude statues and girls in the altogether. Not only in the theatres or dancing halls are there many things which would be considered immoral in China, but also there are monumental statues that purport to suggest the prestige of the country and that stand bare before the public. This is indeed merely a difference in the view of life, having nothing to do with morality.

The Atlantic was not so rough as the Pacific in striking resemblance to the political affairs of the present day. It took four days to get to Southampton (England) where the steamer made only a brief stay and I had no time to go to London. That was a foggy morning. The shore, however, could be seen to advantage.

I got to Rotterdam early in the morning of the 25th, paying a hurried visit to the town under heavy obscurity after rain. The streets were a little too wet and that was said to be the normal condition on account of the thick weather in northern Europe in general and the low level of the Netherlands in particular. Two things were in vogue in the port as well as in the whole country, namely, the riding of bicycles and woman employees in shops. The latter struck me most as they are in contrast to their Chinese sisters who, by and large, do nothing but live on their husbands. On my way back to the ship, I got two pounds of peanuts for fourteen cents. They were as nice and delicious, like those in China.

The next afternoon the steamer reached Bremerhaven in Germany, its last destination for passengers. I disembarked and took the train immediately to Bremen where I spent my first night in the domain of the Third Reich. At noon of the 27th of January I arrived in Berlin. It was with a sense of joy and hopefulness that I reached my destination at long last.

Berlin is unlike Nanking, just as China is not the same as Germany. They differ in city planning, in mode of living and in popular sentiment. Despite the differences, however, they do not lack similarities in view of the fact that both of them are pushing forward with their schemes for national reconstruction and regeneration. The position of Germany after the last War may be rightly compared to what confronts China today. They can benefit each other if one offers her natural resources and the other her technical skill and industrial products. It is obvious that there is nothing whatever standing in the way of their friendly relations unless they unwisely fall into the tricks of some other party. Berliners are no fools, so I do not think that they have not the proper perspective, as their friends in Nanking have.

**Although this narrative is rather late in appearing, it nonetheless contains interesting details concerning the sea route to Europe, which few of the hundreds of thousands who make the voyage (and many millions of others) know nothing about.—Ed.*

News Notes from Canton

(By the Review's Canton Correspondent)

A total of $5,000,000 will be used in the next three years by the Kwangtung River Conservancy Bureau for dyke repair and gate construction. The projects will include work in the north, east and west branches of the Pearl River and also the Han Kiang River near Swatow. A collection of 40 cents to 50 cents per year from each of the estimated 1,304,860 mows which will be benefited by the work is the method proposed for payment of the costs of construction. Greatly increased protection from floods and disasters is seen as the result of the undertaking.

Changsha, capital of Hunan Province, was linked to Canton recently by a direct telegraph wire. Need for direct communication between the two cities has increased since the completion of the Canton-Hankow Railway.

Products valued at more that $20,000,000 were turned out by Kwangtung provincial factories last year according to the Provincial Statistics Bureau. Sugar was the leading commodity, being valued at $7,000,000 while cement and wolfram ores were valued at $6,000,000 and $3,000,000 respectively.

Mandarin will be spoken in Canton's primary school class rooms after the first of next year. Special instructors will be employed to teach the national language to local government employees also.

The sale of Macao lottery tickets in Kwangtung has been forbidden by the Provincial Government. Secret selling of these tickets has been discovered by authorities in localities near the Portuguese colony and a concerted drive is now being launched against the practice.

Anthony Eden Appeals to World to Give Up Arms

An appeal to the world to turn from armaments competition to economic co-operation was made by Anthony Eden, British Secretary of State for Foreign Affairs, in a speech at Bradford, England Dec. 14. If the world wanted to enjoy lasting peace, he declared, there must be a reversal of certain tendencies which now dominated world politics. Too large a part of the world's wealth was being spent on armaments. If the world meant to persist in rearmament, it was persisting in its own impoverishment. It was not wholly convincing to hear complaints of poverty from countries which were spending vast sums on rearmament and straining and twisting their national economies to that end. The world, the Foreign Secretary said, would act wisely were it to turn from armaments competition to economic cooperation.

Final Conquest of Abyssinia—Ras Imru's Guerilla Band Decisively Defeated

The guerilla bands of Ras Imru, who withdrew in the direction of Gamsela and the Sudan frontier when the Italians occupied the capital of Western Abyssinia, Gore, have now been decisively defeated by the Italian forces, according to a report received in Rome, from Addis Ababa, Dec. 16.

Thousands of Foreigners Fighting in Spain

A mission under the leadership of a French Deputy, which returned to Paris from Spain Dec. 18, reported on the number of foreign soldiers now fighting with the Spanish rightist and leftist troops in Spain. Foreign troops with the Spanish leftists (loyalists) were reported to include 12,000 Frenchmen, 2,000 German anti-Nazis, 2,000 Belgians, 2,000 Poles and 2,000 Soviet Russians. Following conversations with the rebel dictator, Gen. Francisco Franco, and after personal observation, the mission was said to have estimated that 30,000 Germans, 24,000 Moors, 500 Frenchmen and 800 Irish were fighting under the rightist (insurgent) banner.

First U.S. Minister to Japan Honored With Monument in Tokyo

A monument to the late Townsend Harris, first American Minister to Japan, was unveiled in Tokyo, Dec. 19 in the first American Legation. Takashi Masuda, 90-year-old country gentleman and former employee of the American Legation under Mr. Harris, was responsible for the memorial and participated in the ceremonies. The monument, the work of Fumio Asakura, Japanese sculptor, was placed in the compound of Zempukuji temple, which housed the first American legation in Japan.

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U.S. Shipping Strike Proves Great Boon to Japanese Trade

Recent advices from the U. S. stated that there was a severe and growing disruption of United States commerce throughout the Pacific area as a result of the maritime strike. Official dispatches received in Washington from China stated that American trade has been adversely affected for a long time because of the reluctance of Chinese traders to order American merchandise because of uncertain delivery. They said that the United States would possibly lose its premier position in China. It was pointed out in this connection that America has led Chinese exports and imports for 10 months of this year. In October, however, Japan furnished 19.2 per cent of China's imports as compared with the United States' 17 per cent, and the maritime strike has since made America's position worse.

It is notable that one effect of the strike on Japan is further stimulation of its shipbuilding, most of Japanese shipyards having been booked to their capacity through June, 1938, and probably soon through December, 1938.

According to dispatches from Manila, the United States is likely to lose its flour trade to Australia, Canada and Japan, and the Netherlands is already replacing the United States in the supply of condensed milk. Americans exporting food to the Philippines via Vancouver are said to be finding difficulty in obtaining through bills of lading, which are necessary in order to avoid payment of Philippine duties.

Strike Looms in U.S. Steel Industry

A strike in the United States steel industry is "almost inevitable," a leader of the Committee for Industrial Organization announced in Washington, Dec. 19. Several strikes already have occurred in the Chicago and Ohio River districts, but the real test of C.I.O. strength was expected to come from the U.S. Steel Corporation and subsidaries. The C.I.O., headed by John L. Lewis, president of United Mine Workers, is collecting a huge "war chest" to carry on the work of organizing the steel industry.

Chicago Quotation for Wheat Now Highest for Past Eight Years

The price of wheat on the Chicago Board of Trade, which has shown a steady rise recently, Dec. 18 reached the highest figure attained at any time in the past eight years, being quoted at $1.40 per bushel. This is a 20 cent advance over the price on December 1.

Brig.-Gen. Bundel Expresses Apprehension Regarding Communism

Communism is a serious menace to the institutions of the United States, in the opinion of Brig.-Gen. Charles M. Bundel, Commandant of the General Staff School, as expressed in a recent interview "My apprehension is not the product of a jittery mind," Gen. Bundel said. "This threat is real." "There are two things this government must watch. One is the menace from without and the other the menace from within. The Army can take care of the first. Sulking behind all laudable endeavors for progress, stalks the Red menace of destruction, It is highly organized, trained and financed, skilfully conducted on a nation-wide front with the avowed purpose of utterly destroying our beliefs, our institutions, our social, political and economic structure, our religions and our very philosophy of life. It intends, unless stopped, to tear down these things and put in their place a theory of life scraped from the gutters of Europe. This is a definite and serious threat to our nation that no longer can be ignored."

Fortified Base Better Than Fleet Expansion, Says Nelson Mack

A properly fortified naval base can do more to protect the west coast than fleet expansion, declared Nelson Mack, chairman of the Navy League, in a speech in New York, Dec. 17. "A fortified fleet base at Guam," he said, "could be built at no more than the cost of two capital-ships. In addition to fleet efficiency, it would be valuable as a base for commercial ships."

U.S. Maritime Board Offers Army and Navy 22-Year-Old "Leviathan"

Retired from trans-Atlantic passenger-service some time ago because of high operation costs, the 50,000-ton *Leviathan* has been offered for sale to the U. S. Army and Navy by the Maritime Commission. The 22-year-old ship, formerly called the *Vaterland*, was transferred to the United States by Germany after the World War and operated by the United States Lines. Since its retirement the liner has been tied up awaiting disposal.

U. S. Undecided on Battleships—50,000 Tons of Destroyers to Be Retained

The United States will make no decisions regarding the construction of new battleships before the expiration of the London and Washington naval treaties on January 1, the Secretary of Navy, Claude A. Swanson, stated in Washington, Dec. 18.

The U.S. Navy Department Dec. 18 announced the retention of 59,000 tons of destroyers in excess of the limits laid down in the London naval treaty of 1930. The retention of 40,000 tons was made known some time ago. The additional of 19,000 tons enables the United States to match the cruiser tonnage which the British Government has announced it will not scrap.

Following a Cabinet meeting Dec. 18, the Secretary of Navy, announced that it had been decided to commence construction on two new 35,000-ton cruisers some time in January.

U. S. War Secrerary Woodring Desires Increase of Army Establishments

An increase in the strength of the U. S. reserve army and the National guard, which would reach 150,000 and 210,000 men respectively, and the construction of new planes, was asked by Henry Woodring, Secretary of War, in the annual report of the War Department. He also requested that 2,000 new officers be provided for the regular army, 10,000 new officers for the reserve army, and that possibilities be provided for training 20,000 more young soldiers.

U. S. Faces Huge Deficit—Rising Government Costs, Also of Relief Expenditures

The United States Chamber of Commerce predicted Dec. 6 that the deficit of the Federal Government on June 30, 1937 will "approach $3,000,000,000" as a direct result of the rising costs of government and relief expenditures. In face of the improved business conditions and increased employment, the expenditures for relief are approximately 65 per cent above those of the corresponding period last year. In spite of the elimination of processing taxes, revenues for the first five months of the fiscal year exceeded those of last year by approximately $175,000,000. Thus, the increase, plus the credits arising from the liquidation of loans has resulted in a deficit of about $450,000,000 under that of the corresponding period last year." The Chamber said, however, that its estimate of $3,000,000,000 might be reduced through increased revenue from income taxes.

U. S. Warships to Aid "Chaumont," Aground Near Chinwangtao

Three United States destroyers, the *Pecos*, *Bittern* and *Finch*, departed from Manila Bay, for North China Dec. 22 to aid the 17,000-ton United States transport *Chaumont*, which is aground six miles north-east of Chinwangtao. Attempts of local tugs to refloat the vessel have proved fruitless.

Lumber Freight Costs Across Pacific Reach 1929 High

As the result of the U. S. shipping strike, freight charges for wheat and lumber from Canadian Pacific ports to the Orient have jumped from U. S. $2.50 and U. S. $3.50 to U. S. $8.50 and U. S. $10 per ton. These represent the highest quotations since the pre-crash days of 1929.

Filipino Soldiers Must Learn to Raise Own Food

Soldiers in the new Philippines Commonwealth Army are expected to be able to hoe potatoes as well as use their guns and bayonets efficiently, *Associated Press* reports from Manila indicate. This was made clear by General Paulino Santos when he recently opened the first of 95 training centres for new conscripts.

General Santos vizualizes soldiers who will defend the Islands both from the military and economic standpoints. By the end of the 10 year transitional period, when the Philippines will gain complete freedom from America, he expects to have 400,000 reserves fully trained in military science and farming. He remembers his own early days when Filipino soldiers, badly equipped and operating on empty stomachs, were forced to retreat before all organized attacks.

At each training center the soldiers will plant and care for rice, mango trees, pineapples, other fruit trees, poultry farms, piggeries, fish ponds and nurseries. The general said "in three years time we assure the people that they will find these stations self-sufficient in food and the men who come to the training stations will never be without fruit and eggs for breakfast. They will find balanced diet in all training stations.

These places will be in a position to return to the people the capital they invested. We intend to start nurseries and will distribute seeds and seedlings to the people of the provinces free.

Quezon Says He Will Continue Efforts to Repeal Philippines Emigration Act

Senor Manuel Quezon, President of the Philippines Commonwealth, in an interview when the visited Canton last week said the policy of the Philippines Government was not only to maintain but to improve relations between China and the Philippines. He also gave an assurance that he would continue his efforts to obtain the repeal of the Emigration Act against Chinese in the Philippines.

America's Policy in Philippines Discussed by Foreign Policy Association

Advices from Washington Dec. 20 stated that the Foreign Policy Association urged that trade conversations between representatives of the Philippines and the United States be held soon in order to diminish the potential hazards which may result in a break-down of the Commonwealth government.

D. H. Popper, in a survey made for the association, said that the Commonwealth should be permitted to apply increasing tariff barriers against products of the United States and to conclude trade agreements with other countries.

The survey suggested that the United States might levy an excise tax on Philippine sugar to provide capital for new enterprises. The preferential trade relations of the Philippines, however, should continue after 1946, when the Islands achieve full independence, the survey contended.

Mr. Popper said that the Department of State had intimated that it contemplated lengthening the period of Philippine economic adjustment through specifically excepting the Philippines, regardless of changes in their political status, from the "most favored nation" provisions in the trade agreements negotiated by the Secretary of State, Cordell Hull.

"The constant theme of the interests opposing withdrawal from the Philippines by the U.S. is the Japanese menace, and, therefore, most island politicians are reported to desire privately the indefinite continuation of the Philippines' autonomous status," the survey said.

Mr. Popper pointed out that the United States might obtain a collective guarantee of the integrity of the Philippines, with Great Britain, France, the Netherlands and China, possibly agreeing to joint sanctions if the Islands' integrity were violated. Otherwise, he said, the United States might continue to maintain the independence of the Philippines alone, "although public opinion doubtless would demand the retention of a degree of internal control commensurate with American responsibilities."

The survey said that the strengthening of a United States isolationist policy might result in abandoning the Philippines, but expressed the belief that the future relations of this country with the islands must conform to the general pattern of Washington's Far Eastern policy.

The first year of the Commonwealth, the writer asserted, reflects the enthusiastic devotion of the Filipino people to the new government. He called the Philippine Constitution a skilfully-drafted document. "Given an advanced electorate and a strong two-party system, the Constitution will doubtless provide a sound basis of democratic government. In light of existing conditions, it lends itself to the establishment of an essentially legal dictatorship."

The Philippine sugar industry, the survey said, would be unable to exist unless tariff or import quotas maintain the yield to producers above the world price of sugar.

The Philippine defence program may be intended to strengthen the United States military power in the event of war with Japan, Mr. Popper said. He pointed out that Philippine defence is primarily a naval problem, declaring that "in the event of war, the Islands might be held for a time by the Philippine and American forces and the immobilization of sufficient Japanese strength to facilitate naval operations against Japan by way of the Aleutians . . . the potential threat that Japanese economic pressure may envelop the Islands in conjunction with the incipient commercial expansion toward the Equator is indeed great."

Frank Murphy, High Commissioner of Philippines, Hopeful Regarding Islands

Frank W. Murphy, U. S. High Commissioner for the Philippines and Governor-elect of Michigan, stated in a recent interview that he was hopeful regarding the preliminary Philippine-American trade conference, for which arrangements are being completed. The conference will be held early in 1937. The Philippines will soon receive payment of accumulated coconut excise taxes, as allowed in a Supreme Court ruling, Mr. Murphy revealed.

Although undertaking his new duties as Governor of Michigan with considerable enthusiasm, Mr. Murphy stated that he intended to continue close touch with Philippine affairs and will be glad to be helpful whenever possible. He expressed his regrets that developments in Michigan at the eleventh-hour prevented his proposed flight to Manila via Pan-American Clipper planes for a short farewell visit.

President Roosevelt's Manila Trip Indefinite

President Roosevelt gave an indefinite answer in Washington, Dec. 18 when asked whether he planned to make a cruise to the Philippines during 1937, but indicated that this was among a number of ocean voyages he is tentatively considering. Businessmen at Manila recently canvassed the possibility of such a visit from the President.

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Should China Reduce Her Customs Tariff?

BY HU CHI-SHANG

SMUGGLING on a grand scale, followed by the increase of military pressure by Japan in the North, is a problem which has engaged the minds of many people and they wonder whether China should reduce her tariff to meet the situation. Sir Frederick Leith-Ross, on the eve of his departure for home, advised China to reduce the tariff to check smuggling. At a conference of Japanese consular officials, called by Mr. Kawagoe on his assumption of office as Ambassador to China, a resolution is said to have been passed favoring a reduction of the Chinese tariff, and this was included in the four demands presented at the subsequent Nanking negotiations.

Before 1929 China's tariff was 5% *ad valorem* on all classes of goods, and though in 1929 China was supposed to have complete freedom in fixing her tariff, duties were divided into seven classes in accordance with the recommendations of the Customs Tariff Conference. It was not until 1931 that China gained complete freedom in regard to her tariff policy, and then on the understanding that likin was to be abolished. In 1934 China had to revise the rates on cotton piece-goods, paper, and marine products because of political pressure from Japan. The estimated Customs revenue for 1935 was $326 million, or 42.9% of the total of the nation's budget, and the largest single item of national revenue. The chief object of the tariff is to raise revenue, but the little protection afforded China's infant industries was a great help to their development. We cannot afford to give up this protection to our young industries, small though it may be, because the economic life of our people would be deprived of its sustenance, and the country would become a semi-colony.

Since the Great War all nations have been trying to protect their domestic industries by raising tariffs, regulating exports and imports, quota systems, special license systems, and Government monopolies. Moreover, most nations have devaluated their currency or manipulated foreign exchange in such a way that their foreign trade is controlled. All this has been done to such an extent that the world economic system is made up of ultra-nationalistic economics. This state of affairs has been brought about by the interplay of international economic relations and interests, and this economic rivalry will continue whether political strife is going on simultaneously or not.

China Fails to Take Concrete Steps to Guard Economic Interests

China has not taken any concrete steps to guard her economic interests, though a number of scholars have advocated such action. Not only has she not taken any steps beyond a half-hearted move through tariff revision, but even in this many things have been left undone. No action has been taken to levy a dumping tax, and there is no strict requirement in regard to certificates of origin. This is indeed deplorable, because we are bound to lose out in international trade wars when other nations are using all methods for defence and offence and we are still keeping to the policy of revenue plus a little protection. The average of China's import tariff is higher than that of Japan, as seen in the following table:

	1929	1930	1931	1932	1933
China	8.5	10.4	14.1	14.5	19.7
Japan	6.6	7.3	9.0	7.6	6.1

This does not necessarily mean that China's tariff is more protective. Japan shows a lower average because only one-third of her imports are dutiable, the rest being free because they represent raw materials required for her manufactures; whereas China levies duty on all imports with the exception of silver, gold, books, and maps. Japan's average for 1929 to 1932 inclusive on goods on which duty was charged would be respectively 18.25 19.37, 24.09, 22.74, that is, duty in Japan was on the whole higher. This is confirmed by comparing the rates of the two countries on such items as woollen knitted goods, silk goods, tobacco, paper, porcelain, glass, watches and clocks, machinery, etc. Japan levies a luxury tax of 100% on 123 kinds of goods, partly for the protection of her home industries and partly as a measure to check imports, which since 1924 always exceeded exports. In 1924 the excess was Yen 646 million, while in the next year it dropped to Yen 267 million, and by 1932 it was only Yen 21 million.

Average rate on imports of:—

	China	*France*	*Germany*	*U.S.A.*	*England*	*Argentine*	*Spain*
1929	8.5	7.6	8.1	13.4	10.8	21.6	24.2
1933	19.7	17.9	27.1	27.9	28.6	30.6	57.4

This shows that China's tariff is very low indeed. It must be pointed out that such highly industrialized countries as France, Germany, the U.S.A. and England have increased their tariffs by more than 100% over the rates for 1929, and their policy has been to let foodstuffs and raw materials come in without duty. When this is taken into consideration the averages would be much higher. Spain and Argentine depend upon Customs revenue for national income, so their averages are higher than the four industrialized nations just mentioned.

In order to find an answer to the question whether China should reduce her tariff, it is essential that the following points should be taken into consideration. (1) China depends to a great extent upon Customs revenue to meet her budget, (2) China depends upon Customs revenue to meet loans, and at the same time her industries are protected in a small way by the tariff, (3) Since the Great War all nations have adopted some plan to regulate trade to suit their own purposes, whereas China has so far utilized only the tariff to protect her interests in international trade (4) China's tariffs are lower than Japan's as well as those of a great many countries of Europe and America, and so the answer decidedly is that at present China should not reduce her tariff, either from the point of view of national or international economics. China is already in a disadvantageous position in international trade, and it would be nothing short of a disaster if she is deprived of the only instrument of self-defence in the way of self-determination in Customs control. If need be, we should revise our tariff in such a way that it works to our advantage, by increasing some duties and lowering others to suit ourselves. We can also sign tariff pacts with foreign nations on the principle of equality and reciprocity. In view of the close economic relationship between China and Japan there should be a tariff agreement between them based on principles of mutual benefit, and this can be done provided each meets the other with sincerity and maginimity. This is not an unusual thing when we see that there are so many instances of an industrialized nation making agreements on tariffs with an agricultural nation.

As for China, it is her right to fix her own tariffs, though she should not hesitate to negotiate an agreement with Japan along the lines just outlined. If Japan ignores this principle and at the same time expects to get full-hearted co-operation from China in economic development, she will find that there is no chance of success.—*Translated from "The Foreign Affairs Review" Vol VII, No. 4, November 1936.*

British Gratified at Friendly Relations with Canton

The recent satisfactory exchange of visits between the Governor of Hongkong, Sir Andrew Caldecott, and the Chairman of the Kwangtung Provincial Government, Gen. Huang Mo-sung, and the Mayor of Canton, Tseng Yang-fu, was the subject of discussion in the House of Commons London Dec. 16.

The matter was raised by A. C. Moreing, Conservatie members for Preston, who asked the Foreign Secretary, Anthony Eden, whether his attention had been called to the visits and whether he would take an early opportunity of conveying to the Chinese Government the gratification of the British Government over the amicable relations existing between the authorities of the British Colony and Canton.

Mr. Eden: "Yes, sir, sentiments of the kind indicated have been expressed from time to time on behalf of the British Government. I am confident that the Chinese Government fully appreciate and share our satisfaction at the existence of these excellent relation."

Mr. Moreing asked if this were not a suitable opportunity to consider holding a British trade fair in Hongkong to open up potential markets.

The Foreign Secretary, in reply, said he was not sure whether that question was for him to answer.

Britain Watching North China—Commons Discuss Smuggling Situation

In the House of Commons Dec. 16 A. C. Moreing, Conservative member for Preston, drew the attention of the Foreign Secretary, Anthony Eden, to a statement of the Inspector-general of the Chinese Maritime Customs concerning the smuggling situation in north China. In reply, Mr. Eden said the matter of smuggling had recently been discussed between the Chinese and Japanese Governments. The British Government, he added, already had the matter under the closest consideration, and would continue to take such action as it considered appropriate for the protection of British trade and the security of loan obligations.

Britain to Bar Japanese Ships from Carrying Cargo Between Far Eastern Harbors?

As a result of serious warnings issued in London recently regarding Japan's shipping competition in the Far East by Lord Lloyd in the House of Lords and by Alexander Shaw, Chairman of the Peninsular and Oriental Navigation Company, at the Company's annual meeting, it is freely predicted in well-informed London quarters that the Government may introduce legislation whereby coastal shipping trade between British Far Eastern harbors, such as Bombay, Ceylon, Singapore and Hongkong would be prohibited on the ground that foreign ships are barred from coastal trade in Japan.

Leighton Shields, New U. S. District Attorney, Arrives in Shanghai

Leighton Shields, new District Attorney for the U. S. Court for China, arrived in Shanghai Dec. 20, by way of Japan, from the United States. Mr. Shields is the successor to Felthan Watson, now a Special Assistant to the Attorney General in Washington, D. C. The new District Attorney is a son of Judge George H.

Shields. He was educated at school in Washington, following which he entered Harvard University Law School to take a three-year course. After completing his training at Washington University Law School, he settled down in St. Louis as a lawyer. He represented Harvard University at the World's Fair at St. Louis in 1904. Mr. Shields gave up his practice three years ago, on appointment as counsel for the Reconstruction Finance Corporation. The new District Attorney was a classmate of President Roosevelt at Harvard in 1904, and the friendship then formed still continues.

Chinese Factory Produces Cigarette Paper

The production of Chinese cigarette papers has reached a state wherein not only the demand from Chinese tobacco firms is satisfied, but also that of foreign concerns, according to Chu Mei-sien, local paper magnate. The supplier of such papers, says Mr. Chu, is the Min Foong Paper Manufacturing Company, the one and only concern that deals with cigarette paper in China. Since its establishment in June this year, Mr. Chu revealed, the production of the Company has won the confidence of all Chinese tobacco firms, because of the excellent quality of its paper. This confidence, he said, has now been built up among foreign tobacco concerns as well. At first, the plant had only one machine, turning out 1,500 reams of paper daily, or about 420,000 reams yearly. As its business expanded, another set of machinery was installed. It is estimated that the production will be increased to 840,000 reams yearly with the addition of the new machines. The establishment of a Chinese cigarette paper factory, Mr. Chu pointed out, will put a stop to the outflow of more than $2,000,000 annually to foreign countries for this article.

Credit Bureau to Ship Cereals to Shensi and Honan

To relieve the present acute shortage of foodstuffs in Shensi and Honan, the Farm Credit Bureau will shortly ship large quantities of cereals to the two provinces, it was learned in Nanking, Dec. 8. Arrangements for the financing of the shipments, it was understood, are under discussion between Liang Ting-shu, Director of the Agricultural Products Department of the Bureau and the provincial authorities of Shensi and Honan. In the meantime, the Bureau is contemplating the establishment of a number of co-operative granaries in the larger cities of the two provinces, including Sian, Tungkwan, Loyang, and Kaifeng, to facilitate the marketing of the cereals.

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Macao Opium Monopoly Discussed at Geneva

The summary of annual reports of Governments on the traffic in opium and other dangerous drugs during 1934, was considered at the eighth public meeting of the League of Nations Advisory Committee on the traffic in narcotics, held in Geneva on May 22 last. Among the reports considered were those from Hongkong and Macao.

According to the minutes, the following reports were made:

Hongkong.—Mr. Fuller (United States of America) expressed appreciation of the co-operation extended by the Hongkong authorities to those of the United States in investigating numerous cases of illicit traffic.

Macao.—Mr. Fuller (United States of America) made the following observations:

Document No. O. C.,A.R. 1934,57 Addendum states that tables showing the movement of narcotic drugs from and into Macao in 1934 are filed in the archives of the Secretariat. When will they be distributed to Governments parties to the Narcotics Limitation Convention?

The annual report of Macao for 1934 states that "all certificates for the importation of opium have been duly returned to the Government of Macao." As it is the export authorizations which are to be returned, this appears to be in some way an error. Does it mean that certificates authorizing exports from Macao of 500 chests were issued, of which only 430 were accounted for as having reached their destination? If so, to what countries was this opium shipped, and what steps have been taken to trace the 70 chests unaccounted for?

Is it true that the Macao Opium Monopoly has been exporting raw opium to Amoy, Foochow and Canton.

Cargo from Bushire

Seven hundred chests of raw opium, amounting to 50¼ metric tons are reported to have left Bushire for Macao in 1934. Was all of this received in Macao in 1934, or did some overlap in 1935?

The annual report for 1934 states that 25,000 kilogrames of raw opium were used in 1934 for the preparation of prepared opium, against a consumption of 16,866 kilogrammes of prepared opium. What were the stocks of prepared opium at the end of 1934? In 1933, 25,800 kilogrames of raw opium were used for making prepared opium, and 17,000 kilogrames of the latter were consumed.

The annual report for 1934 gives a stock of 450 chests of raw opium on hand at the end of 1934. Does this include what was left of the stocks owned by the old administration, which was succeeded by the Yau Lee Company, stocks which were stored at the Banco Nacional Ultramarino? If not, what has become of these stocks?

Has the Yau Lee Company anything to do with the Opium monopoly at present?

Can the Portuguese representative state the total quantity of raw opium in stock in Macao at the end of 1935, including that owned by the Macao Opium Monopoly and that owned by others?

Morphine Factory?

Is the case referred to in Document O.C.S. 285 (factory at Seac Pai Van) the one in which equipment for a morphine factory was disembarked at Coloane in November-December 1934?

Is Julio Antonio Eugenio da Silva the Julio A. da Silva who was the chief clerk and compradore of the Yau Lee Company which was operating the Macao Opium Monopoly?

Were the British and Chinese Governments informed when da Silva was banished? He is known to have gone to Hongkong.

Does Captain Roza, also known as Lei Koo Lan, have authority to sell raw opium for export from Macao?

M. de Vasconcellos (Portugal), not having received notice in advance of the questions put by the representative of the United States, and not having available at Geneva the Macao archives, would only be able to give a general reply, to be followed by further details later.

For some time past the authorities at Lisbon had been dissatisfied with the working of the Macao Opium Monopoly, particularly as the categorical instructions regarding the gradual reduction of opium imports had not been observed. The Governor had been notified of this, and had taken steps to increase the efficiency of the administrative control. As a result, it had been discovered that a factory in course of construction at Coloane, which was ostensibly intended for the manufacture of ice was in fact being equipped to manufacture morphine.

Building Seized

The building had been seized, together with its apparatus and machinery which had not yet been put into operation. It had then been discovered that one of those implicated in the fraud was in fact Julio da Silva, whom the Governor had suspended from his duties and handed over to the Judicial authorities together with his accomplices. As attempted manufacture of morphine was not legally a crime, they had been expelled from the Colony.

A searching enquiry had been set on foot by the Monopoly authorities, the result of which would be communicated as soon as it was completed. The Governor, a soldier by profession and a man of great integrity, had shortly afterwards tendered his resignation to the Government, which had accepted it and now proposed to appoint a new Governor to superintend the reorganisation of the Administration of the Opium Monopoly.

As regarded the seizure at Hongkong of opium believed to have come from Macao, on account of the marks on four cases which had fallen into the water during transhipment, the Monopoly authorities had found it impossible to identify the cases seized as those which had been sent to Macao, as the seizure had been made in February, and in April the cases in question, with the marks indicated, were still intact in the Monopoly warehouses.

Portuguese Report

Mr. Fuller (United States of America) had, of course, not expected an immediate detailed reply to questions of which he had been unable to give earlier notice, but would much appreciate the full report which the Portuguese representative had promised to supply. He added that the individual referred to in document O.C.S. 285 as Leon Chekchi was also known as Leong Pui.

M. de Vasconcellos (Portugal) regretted that the offences, in connection with the illicit traffic in opium attributed to da Silva and his gang, if proved, had not been discovered previous to the discovery of the illicit factory, for, instead of being expelled, they would have been put in prison. (Good eye wash!)

Regarding Hongkong.—Dr. Hoo Chi-Tsai (China) drew attention to the inconsistency of the wording of the fifth subparagraph of paragraph (4) on page 160 of the Summary. He suggested that the fines, which were "rarely paid," were doubtless imposed, not on opium-smokers, but on illicit traffickers.

Non-Extrality Foreign Drug Users to Be Punished Same as Chinese

Non-extrality foreign residents violating the anti-opium and anti-drug regulations promulgated by the Opium Suppression Commission shall receive the same punishment given to Chinese nationals, it was revealed in Nanking recently. This means that the existing provisional regulations for the punishment of drug traffickers, users, or manufacturers will be equally applicable to all non-extrality foreigners as to the Chinese people. Violators of these regulations, whether they be Chinese or foreigners not subject to consular jurisdiction, will be arraigned before the Chinese court in accordance with the Chinese Criminal Procedure, it was learned.

Maria Wen Sentence Postponed Because of Serious Illness

Pronouncement of a sentence on Miss Maria Wen, Shanghai Eurasian girl who was convicted of attempting to smuggle $100,000 worth of narcotics into the United States, has been postponed until Jan. 4 because of Miss Wen's illness. She is suffering from tuberculosis of the kidneys. Dr. Constance Wen, a sister of Miss Wen, recently appeared in court in Los Angeles, Cal., to plead that the convicted girl be given a suspended sentence so as to enable her to return to China to die; Miss Wen may die within a few months, her sister informed the presiding judge.

Sikong Being Formed Into Strong Province Under Direction of Gen. Liu

With the removal of its seat from Yaan to Kangting, capital of Sikong, the Committee for the Formation of Sikong Province will accelerate its work in the formation of the new province.

This assurance was made by General Liu Wen-hui, Chairman of the Committee, when speaking at the recent reception given in honor of his arrival in Kangting from Yaan by various civic organization in Kangtung.

While expressing regret over the sluggishness of the work since the organization of the Committee in 1928, General Liu asserted that the Committee will redouble its efforts in the execution of the provincial formation project already formed, in order to expedite the building up of the new province. He himself will stay in Kangting most of the time to supervise the work.

General Liu then solicited the people of Sikong to pledge their whole-hearted support to the provincial formation work, with which, he was confident, a new Sikong could be easily built.

Continuing, General Liu said that while attending to the provincial formation project, the Committee in the meantime is not overlooking the present sufferings of the people caused by banditry, famine and other calamities. Besides $20,000 already received, another $20,000, he revealed, is being remitted by the National Government to relieve the refugees, while an additional $80,000 is being sought from the National Government in view of the large number of refugees.

To further alleviate the sufferings of the people, provincial taxes will either be reduced or exempted in afflicted districts for a period of time. Miscellaneous taxes and exorbitant levies will also be abolished in the province.

To improve the economy of the people the provincial authorities are mapping out plans for the promotion of native products. Every facility will be provided for their distribution and sale.

Who's Who in China

范漢生

Fang Han-sun (Fan Han-sheng)

Fang Han-sun, consular official; born at I-hsien, Anhwei, 1887; graduate of the Law Department, Meiji University, Japan; Advisor to the Military Governor of Wuchang during the Revolution of 1911; Commissioner of Foreign Affairs, Kirin Province; Director of the Bureau of Stamp Tax for Shantung Province; Section Chief of the Ministry of Foreign Affairs; at present Consul-General of the Republic of China, Seoul; address: Chinese Consulate General, Seoul, Korea.

范漢生，年四十九歲，安徽黟縣人，日本明治大學法科畢業，曾任武昌都督府外交顧問，吉林省交涉署署長，山東全省印花稅處處長，國民政府外交部科長，現任駐朝鮮京城總領事。

Former Canton Warlord Not Returning to China

Current reports that General Chen Chi-tang, the deposed commander of the Kwangtung forces, will return to China shortly are found to be incorrect by the *Central News Agency*. Interviewed in Shanghai Dec. 20, Mrs. Yang Ye-chao, wife of the personal representative of the former Kwangtung warlord, branded these reports as unfounded. She said that General Chen had not yet completed half of his itinerary and would not return home in such a hurry.

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CUSTOMS NOTIFICATION NO. 1556

The public is hereby notified that the Custom House will be closed, and the shipment and delivery of cargo suspended, on the following days—Friday to Sunday, 1st to 3rd January, 1937 (New Year Holidays).

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 19th December 1936.

PAINTS AND PAINT WORK

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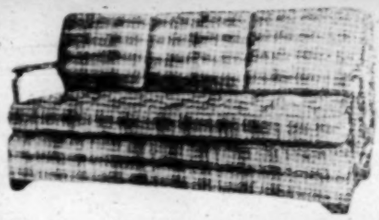

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Men and Events

Dr. O. Fischer, member of the local Italian bar, arrived back in Shanghai last week *via* Siberia after an absence of several months in Europe.

Miss A. Viola Smith, U. S. Trade Commissioner in Shanghai, returned to Shanghai this week after a tour of the United States lasting about eight months.

According to information received in Shanghai this week, Pan-American Airways will extend its trans-Pacific air service from Manila to Macao and Hongkong early in 1937.

The city of Hangchow has decided that until the liberation of Generalissimo Chiang Kai-shek from the rebel city, the entire populace are to refrain from all kinds of amusements as a token of their grief.

A novel feature of the festive season of Frankfort (Germany) will be the holding of a Chinese New Year's Fair in the form of an exhibition arranged by the China Museum in said city in collaboration with the China Institute.

Mrs. Ruth Harkness, widow of the late William H. Harkness, arrived in Seattle Dec. 18 in the s.s. *President McKinley*, accompanied by the baby giant panda which her expedition captured several months ago in Szechuen Province.

In view of the numerous fake gas masks on sale here, the Shanghai Air Defence Association has petitioned the Greater Shanghai Municipal Government to ban those masks and other anti-gas materials not approved by the Ministry of War.

The trial of the suspects in the case of the attempted assassination of Wang Ching-wei, the then President of the Executive Yuan in November last year, were scheduled to be held at Nanking at the Metropolitan District Court on Christmas Day.

H. E. Case, formerly of the Yangtsze Rapid Steamship Company, has become associated with the Commercial Express & Storage Company, Shanghai, as one of the company's executives. Mr. Case first came to Shanghai in April, 1920, from the San Francisco office of Messrs. Struthers & Dixon, Inc.

To encourage the pursuance of higher studies by Mongolian and Tibetan lamas in Chinese colleges and universities, the Mongolian and Tibetan Affairs Commission has issued a set of regulations exempting them from the payment of their travelling expenses, which will be defrayed by the Commission itself.

Tai Chi-tao, president of the Examination Yuan, who is known for his thriftiness, has contributed $52,518 to the Boy Scout Headquarters in Nanking. This sum, it is learned, represents the savings he had made during his recent trip to Berlin and America as the chief Chinese delegate to the World Olympic Games held last August at the German capital.

The Japanese language is taught in thirty leading universities in twenty foreign countries, the Japan Society of International Cultural Relations revealed in Tokyo Dec. 21. The United States led the list of nations, with 11 universities having chairs of Japanese culture or language. These included Southern California, Stanford, Oregon and Washington Universities.

The American Embassy in Nanking Dec. 21 received word from Herman Swenson, an American missionary in Sianfu, that all Americans in the rebel headquarters were safe. Word was also received from Kansu to the effect that all Americans in Pingliang and Tsingning are safe, but nothing is known of the Americans residing in Lanchow, the capital of Kansu.

Dr. Chang Po-ling, President of the Nankai University, Tientsin, who arrived in Nanking from Chungking last week, called on Dr. Wong Wen-hao, Secretary-General of the Executive Yuan Dec. 21. He presided over the meeting of the Board of Trusteers of the China National Amateur Athletic Federation, of which he is Chairman, on Dec. 23, before returning to Tientsin.

The U. S. State Department announces that President Roosevelt has approved the appointment of Miss Anne Guthrie, of the Manila Y. W. C. A., as observer for the United States Government at the Conference of Central Authorities of Responsible Eastern Countries for the Prevention of Traffic in Women. The Convention will convene at Bandoeng, Java, on February 2.

The building of bomb-proof underground markets, which will also serve as shelters in time of emergency, has been planned by the Canton municipal authorities. The markets will be built with conscript labor. All able-bodied grown-up citizens are required to render service. Anyone who does not work himself, will have to pay for the hiring of someone else to work in his stead.

Jim Marshall, staff writer for *Collier's National Weekly*, is in Shanghai on his second visit since April, 1936. He plans to stay in China until the Sian coup is settled one way or another. Marshall's articles on such subjects as trade in the Philippines Commonwealth, pirates the South China coast, and Chinese movies, have been appearing with regularity during recent months in *Collier's*.

Navigation on the Lower Yangtze has been hampered recently as the result of heavy rainfall in several places along the river. A large number of boats at Wuhu were prevented from sailing, while several bridges have been destroyed by the torrents. Several boatmen were drowned on December 18 at Tating downstream when more than 30 boats fully laden with charcoal overturned.

The death occurred in Shanghai Dec. 18 at the age of 62 of Capt. W. I. Eisler, following an operation for gall-stones, of the firm of Eisler, Reeves and Murphy, marine surveyors. The late Mr. Eisler had an adventurous career, served in the U. S. Navy in the Spanish-American war and later in the Philippines Coast Guard service. He first came to Shanghai in 1915 as marine superintendent for the Standard Oil Company. He is survived by his widow, living in Shanghai.

Richard Sidney, Secretary of the Rotary International for Asia, did not arrive in Shanghai in time to make his scheduled address to the Rotary Club Dec. 18, due to a delay in the arrival of the steamer. Hans Berents, President, presided at a general meeting, and following luncheon at the Metropole Hotel, Rotary members went to the Henningsen Produce Company's factory and visited the "Rotary Toy Hospital," where some 10,000 toys were being repaired for Christmas distribution to poor children.

With persons addicted to visiting the Canidrome, Hai Alai and the Race Courses excluded from the list of borrowers, the Japanese Residents' Corporation has begun making loans not in excess of $200 to help members of Shanghai's "Little Tokyo" in meeting their year-end obligations. The loans will be granted until January 20 at the discretion of Masusaburo Amano, President of the Corporation, after investigations of the applicant's status are made by the Consular Police, the Corporation's District Commissioners and the Federation of Amalgamated Street Unions.

In the presence of a gathering of officials and heads of firms of various nationalities representative of China trading, Signor Lojacono, Italian Ambassador to China, Dec. 21 declared open the offices of the Commercial Counsellor to the Italian Embassy, located on the fourth floor of the Yangtsze Insurance Company, 26 The Bund, Shanghai. The office will serve as a bureau of information for traders wishing to buy from or sell to Italy, and in addition a tourist bureau will be housed in the premises. Comm. Dr. R. Angelone is the Commercial Counsellor. Among the invited guests were General Wu Te-chen, Loy Chang, H. E. Arnhold, Jabin Hsu, Julean Arnold, R. P. Buttrick, and many others.

"H. E. Arnhold, Chairman of the S.M.C., a merchant and public companies' director, spoke at a recent meeting of the British Residents' Association. In his long and apparently fruitful career here, this able gentleman has developed a skill at oratory which carries his audiences to those points of understanding it is his intention they should reach. He told his fellows of the B.R.A. recently the reasons why the Council's financial situation had reached its present pass. But in his flood of eloquence he did not say what steps the Council had taken to prevent the situation from arising. The impression remains that the Council has been more concerned in the past with spending rather than with saving money."—TELEMACHUS in the *North China Daily News*.

Dr. Mortimer Graves, Assistant Secretary of the American Council of Learned Societies and Secretary of the Committees on Chinese and Japanese Studies, Washington, D.C., addressed the students of the University of Shanghai Dec. 18. In the course of his remarks he said:—"In the Far East, in the Slavic world, in India, and in the Arabic world we see what we customarily call unrest. We see its superficial manifestations in social and political change in distortions, and in strains of various kinds. My belief is that those phenomena are the superficial manifestations of phenomena that are fundamentally intellectual and ideological phenomena of the very first importance. Never before in the world's history have we had so many great phenomena spread out for study, interpretation, and comparison."

It was officially announced Dec. 22 that Sir John Brenan, British Consul-General here, will leave in March to take up a Foreign Office appointment and that he will be succeeded by Herbert Phillips, who has been Consul-General at Canton since 1930. A. P. Blunt, now at Manila, will be transferred to Canton. Sir John Brenan will take over the post in the Foreign Office now held by Sir John Pratt, former acting Consul-General in Shanghai. It many be mentioned that Sir John Pratt, who is retiring from active service, is Indian born, swarthy of color—a man who succeeded by sheer ability to forge his way upward despite considerable prejudice against him in the Service. A man of great intellect and high courage, he allowed no one (to use the slang expression) to "put anything over on him." His resistance to paying a claim made by the principal British department store in Shanghai for an unauthorized insurance against breakage of his furniture in the British Supreme Court here about 25 years ago (when he was still a Vice Consul) is a case in point. He conducted his own defence and in a brilliant cross-examination smashed the plantiff's case to smithereens. Many a British business man in the Far East will heave a sigh of relief because of his retirement.

Victor Keen, correspondent of the *New York Herald Tribune*, returned to Shanghai Dec. 17 after a trip of two weeks to Suiyuan securing news and background of the stirring events now in progress in that region.

Bettering his record of philanthropic service, Aw Boon Haw, noted druggist and philanthropist of Singapore, has contributed a sum of $1,000,000 for the construction of an orphanage in Kunming to be named the Ping Wei Orphanage.

In response to a request of the German Embassy in Nanking, the Ministry of Industry will send specimens and photographs of the plantation and preparation of tea in China to be exhibited in the German Botanical Gardens. Instructions have been given to the provincial governments of Anhwei, Kiangsi, Chekiang, Fukien, Honan, and other tea producing regions for the collection of these exhibits.

Quentin Young, Chinese-American explorer, arrived back in Shanghai Dec. 19 on the Yangtsze River steamer *Ming Kwei*, after a hunting expedition to Szechuen province. He brought with him the pelts of two giant pandas, one of which will be given to the Academia Sinica in Nanking, while the other will be presented to his brother, Jack Young, who has also just returned to Shanghai after completing an expedition in the upper Shan States.

"Japanese Army Can't Allow a Bolshevized China as Result of Coup"

If Japan has anything to say about the peace of the Far East, the bolshevization of China will not be permitted, it was asserted in army quarters in Tokyo Dec. 16, breaking the silence on the situation in China that had been maintained since the Sian uprising, according to *Domei*. What the Japanese army desires is quick settlement of the situation.

Representatives of the Foreign War and Navy Ministries meeting Dec. 15 afternoon, the *Nichi Nichi* reported, decided that Japan must act firmly to fulfill its mission of "stabilizing the political situation in the Far East" if China turns Communist and also that a definite economic policy toward China must be formulated because of the likelihood that the new situation in China will necessitate Japanese economic assistance.

Military quarters in Tokyo were credited by *Domei* with the following views:

"1.—That General Chiang Kai-shek, who had devoted his life to the Herculean task of unifying China, has been stopped by rebels in the midst of his successful endeavors is a very sorry spectacle for the 400,000,000 Chinese. They merit our deepest sympathy, for once more they are on the verge of being plunged into the depths of misery in which innocent people must be sacrificed in the strife for power among warlords.

"2.—Marshal Chang Hsueh-liang, regarded as the leader of the insurrection, is the notorious warlord who ruled Manchuria with a heavy hand and an anti-Japanese policy, incurring the hatred of all the 30,000,000 people of that area. In taking up arms, his slogans are 'Immediate Declaration of War on Japan' and 'Down With the Japanese and Up With Communism.' His coup can lead only to sacrificing the happiness of the people in a struggle for power. His methods are typical of those of the old warlords. Neither heaven nor man can permit such sacrifices. His policy of accepting Communism and opening the door of China to Communist influence will create a source of everlasting evil in the Far East, and we must combat it.

"3.—The Japanese Government, from the standpoint of manifesting the glory of the incomparable polity of the nation and defending peace in the Far East, has proposed to China a joint campaign against Communism and concluded with Germany an anti-Comintern agreement. That its neighbor seems about to dance to the tunes of the Red fiend because of the personal greed of a warlord affords a spectacle on which Japan must look with sorrow. It is to be hoped that the people of China will have the courage to fight this idcological horror.

"4.—The situation in China is extremely grave. If one false step is made China will become a hotbed of Communist influence, creating a source of evil in the Far East that will last forever. If at this moment a warlord anxious to attain power quickly should fuse with Communist influences or utilize the financial strength of a third nation in accordance with the traditional policy of dependence on Europe and America, based on the principle of having one barbarian check another, it would mean not only disaster for China, which has been striving earnestly to unite, but also something on which Japan, with its mission of guarding peace in the Far East, could not look silently without lifting a finger.

"5.—From this viewpoint, the army is most desirous that the situation in China settle down and that its rulers do not fall into the pit of Red disaster and not be obsessed by the dream of having one barbarian restrain another, which is only camouflage for admitting Communism. It hopes that they will display the spirit of co-operative good neighbors for the sake of the happiness of the people of China."

CUSTOMS NOTIFICATION NO. 1557

With reference to Notifications No. 1315 and 1517, concerning the movement of old or scrap metals, the public is hereby notified that the Government have now laid down a set of regulations providing as follows:—

(a) every consignment of old or scrap copper or lead amounting to 1 metric ton or over, and of old or scrap iron or steel amounting to 5 metric tons or over, on movement within the country must henceforth invariably be covered by a permit (許可證) issued by the Chün-chêng Pu before shipment is permitted:

(b) shipments of the above nature which are not covered by the requisite permit, or which are covered by a time-expired permit, or which disagree with the particulars quoted in the permit, will be detained:

(c) the present permits do not authorise exemption from duty or other charges, all of which will be collected in accordance with standing practice.

These regulations will be enforced forthwith.

CHU CHANG-NIEN
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 18th December 1936.

In the United States Court for China

In re.
Estate
of
BARNES MOSS
Deceased

Cause No. 4139
Special Proceedings
No. 2018
NOTICE.
Filed at Shanghai, China,
December 15, 1936.
William T. Collins, Clerk.
L. T. Kenake, Asst. clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of BARNES MOSS, deceased, to present the same with vouchers to the undersigned on or before June 19, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

NORWOOD F. ALLMAN,
c/o Allman, Davies & Kops.
Hamilton House, Shanghai.

Shanghai, China.

New Books of Interest in the Far East

A Colorful, But Inaccurate, Yarn of Events in the Far East

Covering the Far East, by Miles W. Vaughn—Covici, Friede, N.Y. 1936.

Early this year a local daily informed its readers that Miles Vaughn, the ex-head of the *United Press* office in the Orient, was writing a book and invited his old friends to supply him with anecdotes.

Some months passed, and Mr. Vaughn's book came out, with a jacket suggesting that it provided "a sound, accurate and even brilliant analysis of the political, economic and social situation in the Far East . . . a book to take place beside 'The Autobiography of Lincoln Steffens' , 'Personal History' and 'I Write as I Please'."

Reviewers here and in Japan, many of whom supplied the requested anecdotes, had little difficulty in picking out literally innumerable factual mistakes in Mr. Vaughn's masterpiece. A local editor, who once worked under Mr. Vaughn, gently but firmly tore the book apart, while another editor in Japan called the work "A Fantasy of the Far East."

The present reviewer is thus spared the task of proving that factually the book is practically worthless. A much sounder and a more accurate, if a less readable, account of events of the past decade can be obtained from any second-rate textbook. Historical landmarks, such as the Mukden Incident or Japan's withdrawal from the League, are neither "brilliantly analyzed" nor are even reported without bias.

This ever-present bias is especially marked in his very extensive description of the Manchurian interlude which he prefixes with :—"The more I studied the Manchurian question the more I came to appreciate the Japanese viewpoint . . . Most foreigners in the Orient who were at all familiar with the Manchurian problem had a great deal of sympathy for Japan . . . I had seen China constantly at war for four years ; a country ravaged and despoiled. The early sympathy I felt for the Revolution was disappearing. Since the Chinese could not make peace with each other, it seemed to me the duty of those powers which could stop the eternal slaughter to do so."

Sandwiched between inconsequent anecdotes and recitals of Mr. Vaughn's alcoholic escapades, this motif of a disordered China and the orderly, just, cultured Japan runs through the entire book. And although Mr. Vaugnn once disclaims the views propounded to him by a die-hard in China, he advocates these views in every page devoted to China's relations with foreign powers. This "die-hardism" even extends to Mr. Vaughn's personal relations with the Chinese, as witness that, to say the least, unpleasant description of his encounter with coolies who wanted more money for carrying his baggage.

"I was in pajamas and a thin pair of bedroom slippers," Mr. Vaughn modestly explains, "but I kicked the nearest coolie as hard as I could. The men ran out of the door laughing. The kick was a sign they understood—they knew I was no tourist."

The truth is that Mr. Vaughn spent some nine years in the Orient ; years for him filled with battles, which he had to cover ; beautifully gowned Kuomintang shock workers fleeting in and out of his life ; conversations with officers, made imaginative by overdoses of "Sake" ; contract bridge and whisky-sodas and beautiful Inez ; attempts to grasp the soul of the Orient by donning the kimono and talking to his servants ; and the grand sensation that he represented a great news agency, whose task it was to keep the world informed of Oriental battles, mutinies and assassinations.

Years, likewise, crammed with momentous events, whose portent or significance he was incapable of understanding, either because they went contrary to his "Kansan conservatism" or simply because he lacked the intellectual equipment required for the task.

To liken Mr. Vaughn's discourses on Chinese food, Japanese geisha and servants, and his colleagues' juvenile pranks, with Mr. Sheean's or L. Steffens' truly great autobiographies cannot be justified on any grounds. Mr. Vaughn's infrequent analytical attempts are immature ; his reporting often incorrect or biased. And this reviewer cannot but subscribe to the literary obituary in the *Japan Advertiser:*

"If the publishers of Mr. Vaughn's book 'Covering the Far East' excelled themselves in their announcement on the flap of the cover, they merely struck the same fantastic note as the author himself, for it is only by the wildest stretch of his imagination that Mr. Vaughn could have produced the colorful but wholly inaccurate anecdotes with which his book is filled . . .

"One could go along almost endlessly picking on Mr. Vaughn's anecdotes and showing the they contained no more than a figment of the truth, but to no purpose, for the American public, ignorant of the circumstances, will probably believe them. And if truth and accuracy be left aside, it must be said that Mr. Vaughn has written a most colorful yarn."

M.

An Expert Explains Intricacies of Chinese Music

Foundations of Chinese Musical Art, by John Hazedel Levis. Henri Vetch, Peiping, 1926. 234 pages, with appendices, bibliographies (Chinese and English), and index with charts, graphs and musical scores.

We took up this volume feeling that it could hold little for us ; the various charts looked highly technical and we regretted that we had no knowledge of the study of harmony, or even of the various forms of musical notation. But remembering the tonal qualities of the Chinese language we prowled along through the first chapter, finding interesting statements as we went.

The following sentences are taken from the introduction and first chapter. "In view of the close inherent connection between language and melody, it may now be seen that the difference that exists in the natural selection of speech sounds on various languages implies a difference in the inherent melody of each. In the widest sense, languages differ musically in their emphasis upon melody or rhythm. It is unlikely that there can ever be a perfect balance in quantity and quality between rhythmic and melodic elements in the phonetic structure of any language. From this point of view a language may be seen to contain an excess of melodic over rhythmic elements or vice versa. In some cases, the difference reaches such proportions as to influence on one side or the other (melodic or rhythmic), the character of the music of a whole people. That the Italian language in comparison to the other European languages is weighted more by melodic than by rhythmic elements is probably the reason which led Rousseau to believe that the 'foundations of musical art must be laid in the Italian language', in which view he went so far as even to disclaim any such thing as French music. But we shall find in the course of this exposition that if the 'foundation of the art of music' is to be laid in any language, it will be in Chinese.

It is commonly noted by philologists, that most modern European languages, and particularly English, lay more emphasis on rhythm in stress than upon any other factor. Chinese, on the contrary, lays particular emphasis on melodic movement.

What effect has this state of affairs in languages upon the musical system of each hemisphere ? The most obvious difference that we can encounter from the very start, is that China, at least, of the Asiatic nations, contains in her musical system a complete and highly evolved art of melody, whereas the Western musical system, with all its great development in other directions, contains no such thing as an art of melody . . . Western musicologists are only just beginning to explore the possibilities of creating an art of melody, unconscious of any art already formulated in the East. . . . This epitomizes the Western attitude towards melody, which in China is, comparatively, no mystery at all, and where it has been so strongly stressed as to leave little room for a consideration of harmony. This is one of the main reasons for the absence of a developed system of harmony among the Chinese. In Western music, on the contrary, excessive attention is given to harmony, and melody is place on a secondary plane, since modern melody according to the most authoritative opinions 'is either derived from or representative of harmony, and is dependent for a great deal of its effect thereupon' . . . Therefore, since music plays so basic a part in Chinese words, all communication, and particularly poetry, is dominated by music."

And then, with a refreshing of the mind as to the meaning of "neumes" we began to be interested and so pushed on into the second chapter, and finally through the volume. Our reading thus proves that, while the book is only truly comprehensible for those musically trained, it does hold a certain amount of interest for those lacking such background.

Mr. Levis shows himself a thorough student of his subject. One of his paragraphs concerning notation makes clear the difficulties in the study. "In the study of Chinese music, particularly in its most valuable and advanced stages of development, it is essential to be thoroughly familiar with the ancient systems of notation. What makes the study of Chinese music cumbersome is the fact that it has not been expressed through a single system of music notation but through several which have no resemblance to one another. Good reasons may be found for this lack of a unified system throughout the ages. The changes were brought about (1) historically, (2) by the necessities arising from the evolution of the musical scale, (3) by the structural peculiarities of different instruments, and (3) by the necessity for expressing tones and values more correctly."

Concerning the study of Chinese melody, rhythm, and form as shown in the music-poems, he writes thus. "The work may be likened to the excavation of an ancient city, and the most that one should expect to accomplish in a first attempt would be to rediscover the foundations."

There is a great deal in this book about the *p'ing tse* system ; the two Chinese characters are sometimes translated as "negative" and "positive" or "level" and "oblique". "As a system of musical art the *p'ing tse* must sooner or later come to be realized as an art of "horizontal counterpoint", if it may be called such, in which tones and groups of tones are related in their tonal movement with past and future events more than with events simultaneously present, as in Western music . . . There can be no doubt that the *p'ing tse* system is an art and science of musical composition, pure and simple, for the reason already stated that it consists of an understanding and use of tonal and rhythmic elements for their own

sakes without reference to meanings which are later introduced n words. However, associated with words, these tonal and rhythmic elements are confined within simple and rather narrow ilimits, as is the case with most of the songs. Disassociated from words, though they remain unchanged as a basis of architectural musical construction, they admit of unlimited change as to the tonal or rhythmic dress which they may be given. A freedom and complexity have already been attained in Western music beyond any ever reached in Chinese music. And all this can yet be admitted, if desired, in the Chinese system for purely instrumental music, without discarding the *p'ing tse* system, which is a school of musical form peculiar to China . . . Thus the ancient art of Chinese music, or the art that underlies the structure of the music-poems, is of living value today as an art of musical composition because freedom of tonal application in the musical thought of today is permissible without in the least impairing the original basis of melody, rhythm and form according to the ancient art."

The last chapter of the book is one more suitable for the non-professional musician than most of those preceding it. It is entitled "Some Remarks on the Future of Chinese Music" and contains very interesting deductions based on the author's studies. In his ending he hopes that "a musical renaissance movement in China will arise out of a just and clear appreciation of the technique and form of her ancient music, together with the absorption of advanced phases of Western musical culture which she now lacks, and that the music of the world at large will be influenced by a music long neglected but of proven worth, in entirely new forms and methods of approach."

Students of language tones as well as musicians will find instruction in this book. Chinese musicians are to be congratulated upon finding in a Western musician such understanding and appreciation of their art, together with an ability to impart the knowledge to others. The volume is exceedingly well gotten up and the graphs, characters and charts are clear and well done, reflecting credit upon the publisher, who has recently given us a number of artistic and valuable works.

Peiping, September 28, 1936. G. B. S.

British Conservative Urges Recognition of Manchukuo

Britain's recognition of Manchukuo and closer Anglo-Japanese cooperation were urged in the House of Commons Dec. 18 by Hamilton W. Kerr, Conservative member for Oldham, as a means of preventing a further rapprochement between Tokyo and Berlin.

"Japan's population is increasing and, sooner or later must, find an outlet. Do we take it into account," he asked, "that Japan's isolated position at present is driving her more and more into Germany's arms? "If we could secure Japanese cooperation in the Far East and thus ensure peace, I would say that recognition of Manchukuo is not too great a price to pay."

Negotiations Proceed in Berlin for Renewal of Manchukuo Trade Agreement

Negotiations for the renewal of the German-Manchukuo trade agreement, which, unless renewed, expires in June, 1937, began in Berlin, Dec. 19 between Mr. Kato, Manchukuo Commercial Delegate to Berlin, and competent German services.

Economic circles in Berlin believe that the accord is likely to be renewed, although certain clauses may be modified because of the difficulties entailed in enforcing their provisions.

The new agreement will probably provide for the export from Germany to Manchukuo of mining equipment, locomotives for the South Manchurian Railway, and material for blast furnaces. Manchukuo, it is believed, will continue to export soya beans to the Reich to the value of 100,000,000 marks a year.

Jukong Wharf, Greater Shanghai Enterprise, Nears Completion

Jukong wharf, being built in the Yangtszepoo district, by the Municipality of Greater Shanghai at a cost of $4,000,000, is almost completed after 16 months of large scale construction work. Designed with the idea of developing Greater Shanghai into the greatest port in the Far East, the wharf, located north of Jukong Creek below the Point Island Canal, includes, at its present stage, two reinforced concrete wharves, each 590 feet long.

National Peiping University Observes 38th Anniversary

The 38th anniversary of the founding of the National Peking University was celebrated at an impressive ceremony in Peiping Dec. 17. Dr. Chiang Mon-lin, President of the University, officiated and reported on the history of the Institution. He exhorted the students to improve their mind in order to cultivate a sound character. Although the 34th anniversary of the establishment of the National Peiping Normal University also fell on that date, on ceremonies were held. A holiday, however, was observed by the faculty and students.

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On the Student Front in Peiping

SPECIAL CORRESPONDENCE FROM PEIPING

One year ago on December 9 the Peiping students began their patriotic "United Front" crusade to stop the fratricidal nine years' civil war in China between the Kuomintang and the Communists, and "to unite all parties, cliques, classes and armed forces" for a nation-wide war of defense against Japan, demanding democracy and freedom of expression and organization in order to awaken the people and soldiers to the need for real *political unity* so as to realize their program successfully. On that day in 1935 only a desperate little band of eight hundred dared risk being arrested as Bolsheviks to demonstrate for this. However, during the following year their "United Front"

The vanguard of the demonstration carrying the Student Union's banner aloft (theoretically illegal.)

movement gained tremendous momentum throughout China. This was particularly revealed in the sympathetic attitude of the local Peiping authorities during their demonstration on December 12th, 1936. The students have received wide support both from the Right and the Left. These two extremes, which have been in open conflict for a decade, began to show a tendency toward meeting at a third point—the need for an anti-Japanese United Front. At the height of this movement, however, Nanking began severe suppression when seven nationally influential leaders of the All-China Federation of National Liberation Associations were arrested in Shanghai and fourteen liberal magazines were suppressed, at the same time that the Sixth "Extermination Campaign" against the Reds was launched by Chiang Kai-shek in the Northwest, who reiterated the statement made every year since Japan took Manchuria in 1931 that "the extermination of the Communists is more important than resistance to Japan."

Thus in relation to Nanking, the students are in much the same position as when their movement began a year ago, and, intensely angry at the new wave of suppression against the United Front movement, six thousand students again marched in the streets of Peiping on December 12 this week, demonstrating for their old demands, and trying to gain freedom for their anti-Japanese United Front movement and to secure the release of the seven arrested leaders. On the same day, Chang Hsueh-liang, solidly supported by the military and civil Tungpei people, launched his own campaign in Sianfu for exactly the same program, after capturing the head of the Opposition General Chiang.

On December 9th, a demonstration of seven thousand people in Sianfu—made up mostly of Tungpei exiles—marched twenty miles to General Chiang Kai shek's headquarters at Lintung to petition him to accept the following demands:

1. Reorganize the Nanking Government and take in all parties to share the joint responsibility for National Salvation.
2. Stop all civil war and immediately resort to armed resistance against Japan.
3. Immediately release the arrested leaders of the patriotic movement in Shanghai.
4. Release all political prisoners.
5. Give freedom to the people for patriotic purposes.
6. Safeguard the freedom of the people to organize and to enjoy all political liberties.
7. Put into effect the Will of Dr. Sun Yat-sen.
8. Immediately call the National Defense Conference.

All of these demands are reported to have been refused by Chiang Kai-shek, which precipitated the crisis in Sianfu, leading to his arrest and detention.

Copies of manifestoes signed by three different Tungpei National Liberation Associations, were mailed to Peiping from Sianfu and distributed during the demonstration in Peiping on the 12th. Some of the phrases in these are of interest:

After describing their chagrin at the way the Government handled the Suiyuan situation by localizing it as a "bandit suppression" campaign etc., the statement reads: "Despite whatever subjective interpretation of this, the objective fact cannot be denied that the purpose was to cheat the people in their realization of a real fight, and directly helped the aims of Japanese imperialism, greatly weakening the unification of the whole nation and the struggle for national liberation. We deem that this is not what our government ought to do . . . We maintain that only a great unification of all parties and all classes, poor and rich, initiating a vast mass movement, can guarantee the final victory in this war. For this reason the government should not only protect . . . . but render substantial support . . . . to all the bodies and people working for national salvation. But the fact is unfortunately just the contrary. Recently seven leaders . . . . and the student representatives sent to Nanking appealing on behalf of tens of thousands of students in Peiping and Tientsin, have been arrested and fourteen periodicals suspended. On the one hand the government openly expresses patriotism . . . . but on the other practically destroys the patriotic forces. We do not believe that "national liberation" is a slogan that should be used for cheating the people, and this attitude of the government must be corrected immediately.

"We hundred thousand fugitives who have lost our native homes . . . . swear to fight to the death against Japanese imperialism now . . . . All our work is simple and plain. We welcome all people except traitors to join us. We declare all actions detrimental to the future of our nation as traitorous and we will not hesitate to oppose all such actions with all our strength. . . . It is time for those who do not wish to be slaves to struggle for existence and freedom. We hereby urge the government to correct its past errors immediately, to decide to lead the people devoted to the work of national liberation, and to thoroughly launch a war of resistance at Suiyuan in order to recover all our lost territories. . . . "

Enormous quantities of propaganda were distributed by the students on December 12 addressed to all classes of people. The main points stressed were "protecting the United Front" and getting the release of the arrested leaders, as well as helping the strikers in Tsingtao and Shanghai etc. However, there was much stress on "uniting" with the 29th Army to protect North China. The long manifesto issued in the name of the "Peiping Students' National Liberation Union," is of some interest as revealing the rather high temper in North China now, which has led to the open demand for a reorganized representative government and the calling of a National Defense Conference at Sianfu. It says, among other things:

"With blood and tears, we, all the students of Peiping . . . . want to firmly express our determination not to be slaves without a country . . . . and to declare that we stand firmly by our demands to the Central Government and to all parties and cliques:

"Please think about the recent situation: Tens of the enemies' airplanes are bombarding our armies in Suiyuan . . . . but, on

Peiping students on Dec. 12 debating peacefully with police during their demonstration—the first demonstration held in Peiping which has not been dispersed by police interference.

the other side, our Government is having 'not-yet-hopeless' diplomatic negotiations with the Japanese! . . . Oh, dear fellow-countrymen, we want to ask—when will it be 'hopeless' if it is 'not-yet-hopeless' now that the enemy's troops have directly searched the Party offices and seized our people (in Tsingtao)? We cannot endure any more. . . .

"Demand the Government to sever relations with Japan!

"Oppose the Japanese attack on Suiyuan!

"Resist the flagrant actions of the Japanese troops in Tsingtao!

"Since the war exploded in Suiyuan, some of our leaders and soldiers have been shedding their blood on the icy plains. . . . But we have seen no counter-attack to the enemy so far as the Central Government armies are concerned! While the enemies' airplanes are bombarding us, where are our own airplanes? It has been expressed by the Central Government that there will be a policy to "Attack the traitors, and protect the territory," but as a matter of fact, the Central Government has taken no action for this. . . .

"Demand a punitive attack on the East Hopei bogus government!

"Restore the six hsiens in North Chahar!

"Restore the lost lands in the Northwest!

"For protecting North China . . . . we must call the attention of the Northern leaders to the necessity for unification to resist Japan. The 29th Army under Sung Cheh-yuan . . . . has recently made many declarations about protecting North China. General Yen Hsi-shan and Fu Tso-yi are leading the Shansi and Suiyuan troops. . . . The Northeastern Army under the leadership of Chang Hsueh-liang has recently given open expression to the desire to unite with those on every side and fight back to their homes. Supporting the Northern leaders who have determined upon defense, we demand:

"Support the Suiyuan troops in their attack in the Japanese-paid bandits!

"Support the 29th Army in protecting North China!

"Unite all Northern leaders for defense against Japan! . . .

"In such a moment of national crisis, unless the centralization of *all* the forces of the nation and the unification of all cliques and parties for a strong United Front is accomplished, we shall not be able to check the enemies' unlawful invasion. . . . If the Government has decided upon defense against Japan, it must first set free the patriotic movement, thus gaining the people's support: and second, bear the responsibility for uniting all sides together. . . . "Chinese must not fight Chinese," etc.

"Help the patriotic strike in Tsingtao!

"Protect the freedom of the patriotic movement, release the patriotic leaders!

"Unite all parties, cliques and classes!

"Rise up, fellow-countrymen!

"Down with Japanese Imperialism!

"Long Live the freedom of China!"

All these slogans were shouted during the demonstration. Another slogan was "Celebrate the restoration of Tamiao by the Suiyuan troops!"

This demonstration was the most successful ever held in Peiping and reveals a great development of the movement here. After going through the streets in the morning without encountering much resistance from police, the students were asked by the City Government to meet in the Coal Hill park of the Forbidden City during the afternoon, where Mayor Chin Teh-chun addressed them for forty minutes, giving what the students called a "satisfactory" speech. All thirteen students arrested during the day for resisting police were released in the evening.

When the mass meeting of some four thousand or more students broke up from Coal Hill, they marched home with banners flying high. Four abreast in high spirits, they sang at the top of their voices. This is the first time the students of China have sung on the streets since 1927, when they discarded the old Kuomintang songs. During this demonstration, they sang three new songs learned since the student movement began last year, which they call the "Volunteers' Song," the "Volunteers' Marching Song," and the National Liberation Song." Every school has from one to two hundred "Volunteers," who are training for the anti-Japanese war as soldiers or nurses, etc.

Needless to say the student bodies in Peiping were delighted with the support of Chang Hsueh-liang and the Tungpei Army for their United Front program, though they are in great fear of more civil war. Immediately after the Sianfu affair became known the Student Union Executive Committee published the following resolutions:

1. Demanding in the name of the people that war be declared on Japan at once, to unite the country and prevent a period of disintegration and confusion.
2. Demanding the establishment of representative government.
3. Denouncing any form and any kind of civil war on any pretext whatever.
4. Demanding that Chiang-Kai-shek join with Chang Hsueh-liang to fight Japan.
5. Demanding that Nanking receive all the anti-Japanese demands of Chang Hsueh-liang and declare war as required.
6. Demand that the Nanking Government and all parties and forces in China open an All-China National Defense Conference to resist Japan and save the country.

Peiping, December 12, 1936.

CHINA'S FINANCES ARE SOUND

(*Continued from page* 114)

inevitable that the general uneasiness should create some shrinkage in the people's confidence in the paper note issue of the Nanking Government, and that there should be some advance in commodity prices. This still does not justify the hasty conclusion that the present currency system will collapse.

Prophecies that a change in Governments and in Government policies in China will prove a serious blow to the Chekiang financial group are to be safely discounted. No Government in that Republic can exist without the active aid and cooperation of this dominant financial combine. The present currency system may be safely depended upon to remain intact throughout the area within which it has been firmly established and where the legal tender notes in circulation have been increased under the currency reform from 423 million yuan a year ago last month to 742 million in June of this year, the latest date for which figures are available. As regards that part of China where the reformed currency system is not yet in force, very little effect will be felt economically or financially from the present troubles. China's economy has never been an organic entity, which is both a strong and a weak point. Many parts of that vast nation live quite unaffected by political, military or economic disruption in other sections. China lacks a modern financial and economic system of nation-wide application, and enormus regions of the interior can continue life as usual notwithstanding serious political and financial panics elsewhere in the land. The death of Chiang Kai-shek, should rumor of it later prove true, will not cause the financial collapse of China as the situation now stands.

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Highway Construction and Transport Reviewed by N.E.C.

China's progress in highway construction and transportion during recent years is reviewed in an authentic report issued by the Bureau of Roads of the National Economic Council.

According to the report, since its establishment in May, 1932, the Bureau has concentrated its attention first on the construction of inter-provincial highways in Kiangsu, Anhwei and Chekiang.

Six lines were mapped out for the Three-Province Highway Project: the Nanking-Hangchow highway, the Shanghai-Hangchow highway, the Nanking-Wuhu highway, the Soochow-Kashing highway, the Changhing-Suancheng highway and the Hangchow-Hweichow highway. These highways were built by the provincial governments with loans and technical assistance from the N.E.C.

The construction work of these different highways, measuring a total length of 505 kilometers, was started simultaneously in May, 1932, and completed successively in Oct, 1933. A total of $983,000 was appropriated by the N.E.C. for their construction.

The satisfactory results from the Three-Province Highway Project, the report says, encouraged the Bureau to map out in November, 1932, the Seven-Province Highway Project, which provided for the construction of inter-provincial highways over a larger area, including the three provinces above-mentioned and also Kiangsi, Hupeh, Hunan and Honan. It contemplated the construction of eleven trunk lines of a total length of 11,591 kilometers and 63 branch lines of a total length of 11,033 kilometers, making up a grand total of 22,624 kilometers.

North Kiangsu Experiments To Expand Fruit Industry

As a part of its economic revival program, the Kiangsu Provincial Government has devised measures for the promotion of the fruit industry in north Kiangsu, which has long been known as a fruit-producing center. To improve fruit production an experimental station has been established in Hsiaohsien, and experts are sent out frequently to teach the farmers new methods producing, packing and storing fruits. Meanwhile, a loan has been raised from the Kiangsu Farmers' Bank for co-operative distribution and marketing of fruits. The first consignment of pears produced by new methods in Hsiaohsien and Shihhsien, weighing several thousand piculs, recently shipped to Shanghai, is understood to have enjoyed a booming market. A second consignment is now under preparation, while other winter fruits will also be shipped to Shanghai and other cities as soon as they are ripe.

Siamese Government Fosters Steamship Line to China

As a further step toward improving the trade relations between China and Siam, the Bangkok authorities have advanced a proposal to open a direct navigation route between the two countries. Reports from well-informed circles state that the Siamese Government has proposed a Sino-Siamese navigation company, capitalized at $4,000,000, this sum to be jointly borne by the two countries. Its ships will operate between Shanghai and Bangkok by way of Swatow, Amoy, and the Philippines.

Dr. H. H. Kung Appoints Income Tax Collectors

Dr. H. H. Kung, Minister of Finance, summoned several Income Tax Collection Commissioners for various provinces to a conference Dec. 21, when important decisions concerning the strict enforcement of the Income Tax Law were reached.

To facilitate the collection of the direct levy, Income Tax Collection Commissioners for Kwangsi, Fukien, Hopei, Chahar, Shensi, and Suiyuan, and the municipalities of Peiping and Tientsin were appointed by Dr. Kung.

Advisors and Experts "Pay" Their Income Taxes

Income Tax (*So-Te-Shui*) on their salaries or remuneration was paid by all foreign advisors and technical experts of the various Government organs in October and November in accordance with regulations, it was officially announced in Nanking, Dec. 11. Income Tax on interest from Chinese Government bonds was also been paid by foreign bondholders in accordance with law. In both cases, the Tax was deducted by the organs responsible for its collection.

In view of the fact that Income Tax on other sources of income will be enforced on Jan. 1 next year, the Ministry of Finance has again requested the Ministry of Foreign Affairs to negotiate with the Foreign Powers, in accordance with Treaty stipulations, for payment of the Tax by their respective nationals residing in China.

Nanking Has Difficulties in Collecting Land Tax

The enforcement of the Land Tax Law in Nanking is meeting difficulties and it is feared that the annual yield of the new tax will fall far short of the estimated amount of $900,000. The lack of provisions in the Land Tax Law for the punishment of tax evaders, it is expected, would lead the tax collectors into many loopholes of which crafty landowners would certainly not fail to take advantage. According to the Land Tax Law, the authorities are entitled to confiscate the land or property of those who fail to pay the land tax due within a time limit of three-years. The length of the limit, it is afraid, may enable tax payers to evade their duty entirely.

Smuggled Sugar Consfiscated in Tientsin

A total of 150 sacks of smuggled sugar were confiscated by the customs house in Tientsin Dec. 16.

Otto Wolff to Supply Railway and Bridge Materials

Further railway development in China is to be made with the construction of a line to link Chuchow, in Hunan, with Kweiyang, in Kweichow, over a stretch of 1,000 kilometers (625 miles).

The Ministry of Railways Dec. 21 announced the conclusion of a $40,000,000 purchasing agreement with Messrs. Otto Wolf, of Cologne, for the construction of the new railroad and for repairs to the Yellow River bridge of the Peking-Hankow railway.

The loan, $30,000,000 of which will be devoted to the new railway and the remaining $10,000,000 to the repair of the bridge, will bear interest at the rate of six per cent per annum.

Expresses Delayed as Result of Locomotive Being Derailed

The Shanghai-Nanking night express and the Shanghai-Peiping through express were held up at Lingkow one station before Tanyang on the Shanghai-Nanking line, for about six hours Dec. 18 as a result of a collision between the night express and a goods train. The two front wheels of the express were derailed in the accident. No injuries were reported, and only minor material damage was done.

Steps Taken to Prevent Train Mishaps on Canton-Hankow Railway

Fundamental measures are being taken by the Canton-Han[illegible] Railway Administration to prevent further train accidents. [illegible] railway track at Shih-Chin-Kung-Li on the Kwangtung-Huna[illegible] border, measuring a distance of 300 kilometers, will be rebuilt to ensure traffic safety. The section, which was originally at a low-lying level, was raised with mud and ballast. During recent months, rain and freshets have undermined part of the track.

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The National City Bank of New York, Rates of Exchange

Shanghai, Dec. 22, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.39
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.37
Demand selling rate on London:	£1.0.0=Sh. $16.69
Demand buying rate on London:	£1.0.0=Sh. $16.55

AIR MAIL and PASSENGER SERVICE

SHANGHAI-CHENGTU LINE EXPRESS

W.B. every Mon., Wed. & Fri., E.B. every Tues., Thurs. & Sat.

Station	Arr.	Dep.	(W.B.)	Arr.	Dep.	(E.B.)
SHANGHAI		7.00	↑	17.30		
NANKING	8.15	8.20	↑	16.10	16.15	
KIUKIANG	9.55	10.00	↑	14.30	14.35	
HANKOW	10.55	11.20	↑	13.10	13.35	
ICHANG	12.30	12.35	↑	11.55	12.00	
CHUNGKING	14.35	15.00	↑	9.30	9.55	
CHENGTU	16.15		↑		8.15	

SHANGHAI-HANKOW LINE (DOUGLAS)

W.B. Tues. Thur., Sat. & Sun., E.B. Mon., Wed., Fri. & Sun.

SHANGHAI		7.00	↑	10.55	
NANKING	8.15	8.20	↑	9.35	9.40
HANKOW	10.55		↑		7.00

HANKOW-CHUNGKING LINE

W.B. Tues., Thurs. & Sat. E.B. Wed., Fri. & Sun.

HANKOW		7.30	↑	15.40	
SHASI	8.55	9.10	↑	14.00	14.15
ICHANG	9.55	10.10	↑	13.00	13.15
WANHSIEN	12.15	12.30	↑	10.40	10.55
CHUNGKING	14.10		↑		9.00

CHENGTU-CHUNGKING LINE

W.B. Tues., Thurs., Sat. & Sun., E.B. Mon., Wed., Fri. & Sun.

CHUNGKING		14.30	↑	14.00	
CHENGTU	16.30		↑		12.00

CHUNGKING-KWEIYANG LINE

Two round trips a week; Tuesday, & Saturday.

	Arr.	Dep.	(S.B.)	Arr.	Dep.	(N.B.)
CHUNGKING		13.00	↑	17.00		
KWEIYANG	14.45		↑		15.15	

SHANGHAI-PEIPING LINE (DOUGLAS)

Three round trips a week; Monday, Wednesday & Saturday.

Station	Arr.	Dep.	(N.B.)	Arr.	Dep.	(S.B.)
SHANGHAI		6.15	↑	18.15		
NANKING	7.25	7.30	↑	17.00	17.05	
TSINGTAO	9.25	9.45	↑	14.45	15.05	
TIENTSIN	11.25	11.30	↑	13.00	13.05	
PEIPING	12.05		↑		12.25	

Four round trips a week; Tues., Thur., Fri. & Sun.
(Stinson Plane)

SHANGHAI-CANTON LINE

S. B. every Tue., Thur. & Sat., N. B. every Wed., Fri. & Sun.

Station	Arr.	Dep.	(S.B.)	Arr.	Dep.	(N.B.)
SHANGHAI		6.30	↑	15.45		
WENCHOW	8.25	8.45	↑	13.30	13.50	
FOOCHOW	10.05	10.25	↑	11.50	12.10	
AMOY	11.35	11.55	↑	10.20	10.40	
SWATOW	12.55	13.15	↑	9.00	9.20	
HONGKONG	14.45	15.05	↑	7.10	7.30	
CANTON	15.45		↑		6.30	

CHINA NATIONAL AVIATION CORPORATION
51 Canton Road, Shanghai. Tel. 12955

EURASIA AVIATION CORPORATION

TIME TABLE

(Effective from April 1, 1936).

SHANGHAI-YUNNANFU (KUNMING) LINE

Bound						*East Bound*
Every	6.30	Dep.	Shanghai	Arr.	18.15	Every
Tues.	7.45	Arr.	Nanking	Dep.	17.00	Thurs.
&	10.40	Arr.	Chengchow	Dep.	14.10	&
Fri.	13.20	Arr.	Sian	Dep.	11.30	Sun.
	16.00	Arr.	Lanchow	Dep.	8.00	
	17.00	Arr.	Chengtu	Dep.	8.00	

Every						Every
Wedns.	8.00	Dep.	Chengtu	Arr.	16.30	Wedns.
&						&
Sat.	11.30	Arr.	Yunnanfu (Kunming)	Dep.	13.00	Sat.

PEIPING - CHENGCHOW LINE

South Bound						*North Bound*
Every						Every
Tues.	7.00	Dep.	Peiping	Arr.	11.30	Mon.
&						&
Fri	10.30	Arr.	Chengchow	Dep.	8.00	Fri.

LANCHOW - PAOTOW LINE

North Bound						*South Bound*
Every	8.00	Dep.	Lanchow	Arr.	17.20	Every
Wedns.	10.20	Dep.	Ninshia	Dep.	15.20	Wedns.
	12.20	Arr.	Paotow	Dep.	13.00	

NOTES: 1. This time table is effective on and after 1st. April, 1936 and is subject to change without notice.
2. Special flights to other places can be arranged by special agreement.

Latest New York Stock Exchange Quotations

December 22, 1936

Stock Exchange— Business Done:-
Total Volume: 1,760,000 Shares

1936 High	Low	Div. $ per sh.	STOCKS	Last Sale Dec. 19	Dec. 21
15⅝	9⅝	0.35	Adams Express	14½	14¾
137¼	110	4.00	American Can	111	112¾
40⅝	29¼	0.60	Amer. Cyanamid "B"	33	33¼
9⅝	6½	—	American & For. Power	7¼	7
59½	29⅝	—	American & Foreign Pwr. $7 pfd.	57	54⅝
27⅝	18⅝	0.15	American Radiator	24½	24
189¼	149½	9.00	American Tel. & Tel.	184	180
104	88½	5.00	American Tobacco "B"	96	96½
27⅝	19¼	0.80	American Waterworks	25⅝	24⅝
54¾	28	1.00	Anaconda Copper	51⅞	51⅝
88½	59	2.00	Atchison, T. & S. Fe	69	71⅞
54½	26⅝	—	Auburn	30	30½
26⅜	15⅞	—	Baltimore & Ohio	21¼	20¼
76	45⅝	1.50	Bethlehem Steel	73⅝	72
26½	16⅞	—	Boeing Airplane Co.,	32¾	31¾
18	10⅞	—	Canadian Pacific Railway	13½	13
186	92½	4.00	Case, J. I.	145	142½
48	34	1.40	Chase National Bank	44⅞	44⅝
100	59	3.00	Chesapeake Corp.	83	83
77½	51	2.80	Chesapeake & Ohio	62½	61⅞
137⅝	85½	12.00	Chrysler	118⅝	115⅝
23⅜	14	0.40	Columbia Gas & Electric	17⅜	16⅞
24⅝	14¼	0.60	Coml. Solvents	18	17⅜
5½	2¼	—	Commonwealth & Southern (ord.)	3½	3⅝
48¼	27¼	2.00	Consolidated Edison	43⅝	42½
15¼	11¼	0.60	Consolidated Oil	14⅝	14¼
42⅝	28¼	1.00	Continental Oil	42¼	41½
82½	68⅝	3.00	Corn Products	68⅝	67⅝
82¼	50⅝	—	Douglas Aircraft	70	69⅝
184¼	133	3.60	Du Pont de Nemours	175¼	172⅞
27	15⅝	—	Electric Bond & Share	22	21¼
58	34½	0.90	General Electric	51⅝	51
44	33⅝	1.80	General Foods	39⅝	40
76⅝	53½	2.00	General Motors	66⅝	64⅝
54⅝	39½	1.00	General Railway Signal	50⅝	50¼
35	18¾	1.00	Goodrich (B.F.)	31⅝	31⅜
31⅝	21⅝	—	Goodyear Tire & Rubber	28¼	27⅞
76½	57	1.00	Humble Oil	74⅝	73⅝
66	49¾	1.60	Internation Nickel	63⅛	62⅝
19¼	11¼	—	Internati nal Tel. & Tel.	12¼	12
63	28¾	1.05	Kennecott	58½	59⅝
65	43	2.00	Loew's Inc.	63	62
26½	21¼	1.20	Lorillard	22⅝	22⅜
103	79	1.00	Monsanto Chemical	98½	98½
68	35⅝	0.60	Montgomery Ward	65⅝	57⅜
44⅜	32	1.00	National City Bank	38	37⅝
28⅛	21	1.20	National Dairy Prods.	23½	23¼
33⅜	25⅝	2.00	National Distillers	28½	28¼
14⅜	9⅛	0.60	National Power & Lt.	11⅝	11½
49⅝	27⅜	—	New York Central	41½	40¼
35⅛	23¼	1.00	North American	30	29⅝
41	30⅜	2.00	Pacific Gas & Electric	37	36
58⅜	46⅜	3.00	Pacific Lighting	48½	49⅝
13⅜	6⅝	0.45	Packard Motors	10½	10¾
45	28¼	1.90	Pennsylvania Railroad	39⅞	38⅝
49⅜	38⅛	1.00	Phillips Petroleum	47½	46⅜
50½	39	2.40	Public Serv. of N. J.	47¾	47
14¾	9⅜	—	Radio Corporation of Amer.	11⅛	10⅝
60⅜	50	3.00	Reynolds Tobacco "B"	56⅛	56⅞
55⅜	37⅜	3.00	Schenley	45	44
101¼	59⅜	2.00	Sears Roebuck	95⅝	92½
17⅜	12⅛	0.70	Socony-Vacuum	16⅝	15⅝
32½	25	1.50	Southern California Edison	28½	29¼
47⅛	23½	—	Southern Pacific	40⅝	39⅝
18	14⅜	0.80	Standard Brands	16¼	15½
9⅞	5¼	—	Standard Gas & Electric	9	8⅞
70	51¼	1.00	Standard Oil Co. of N. J.	66½	65⅝
78½	65	3.80	Sterling Products	70	70⅝
44½	33	2.00	Texas Gulf Sulphur	38½	38⅝
18	11	0.40	Transamerica	17	16⅝
104⅜	71⅜	3.00	Union Carbide & Carbon	101⅜	100
149⅜	108½	6.00	Union Pacific	126	123½
32⅜	20⅜	—	United Aircraft (New)	28	27½
21	13	—	United Airline Trans.	18⅜	18
9¼	5⅜	—	United Corporation	6⅜	6½
19½	14¼	1.00	United Gas Improvement	14⅛	14⅝
59	31½	—	U.S. Indus. Alcohol	37⅜	37⅜
47⅜	16⅜	—	U. S Rubber	46	43⅝
79⅜	46⅜	—	U. S. Steel	76½	75¼
29	16⅞	—	Vanadium	27¼	27
18	9¼	—	Warner Bros. Pictures	16⅜	16⅜
153½	94½	3.00	Westinghouse Electric	144	142¼

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